

Herald Tribune

Published with The New York Times and The Washington Post

o. 28,630

PARIS, TUESDAY, FEBRUARY 4, 1975

Established 1887

Castro's Example, Embargo by U.S. Help Unite Cubans

Miss Shaw, who is fluent in Spanish, spent three weeks in Cuba gathering information. She was accompanied by two officials on government arrangements for visits to factories, schools and other locations, but was able to make visits and conduct interviews alone in Havana.

By Terri Shaw

HAVANA (WP)—During World War II, Dora Gonzales made only in a chocolate factory. "I got one peso a day for making chocolate that sold for two pesos a pound," she said. "I joined the union and was fired. For 11 years I was out of work. I just sat home and stared at the ceiling."

After Lopez's father was a seaman. At considerable sacrifice he sent her to school to get a teaching degree. "But there were no jobs for women teachers then," Mrs. Lopez said. "Even when I had trouble finding work."

Narciso Fodas quit school after the fifth grade and went to work to help support his family. He got a job in a grocery store for 10 pesos a month. When pay came, he was surprised to find that the five pesos had been applied against his family's grocery bill.

These three Cubans—and many others—are now doing work that they consider important to themselves and to their country.

Mrs. Gonzales works in a biscuit factory for a much higher salary, and lives in a modern housing development outside Havana. Mrs. Lopez is a teacher at the large Lenin Technical School, where Cuba's brightest teenagers prepare for careers in engineering and science. Mr. Fodas, who has earned a high-

school diploma from night school, is a Communist party official in Cienfuegos.

The pride these three Cubans express about their progress since Fidel Castro won power almost 16 years ago is shared by many other people I met during a three-week visit to Cuba.

In Spanish, the key word is *dignidad*—a combination of pride, dignity and self-respect, and a quality that has often suffered in Latin America's relationship with the United States.

People who used to work for foreign companies or for rich Cubans now say they are working for themselves, for their country or for their children.

Mrs. Gonzales, 57, put it this way: "Before the revolution there were lots of things in the store, but I couldn't eat. A man could stand on the corner and sell five chickens for one peso and no one would come out to buy them. Now all Cubans eat."

The U.S. trade embargo, imposed in 1960, "was very harmful for us, but we have developed our economy in spite of it." Every day we develop more, said Rafael Alonso, a mechanical engineer who works at a machine factory in Santa Clara, 150 miles southwest of Havana.

Newspapers, textbooks and billboards hammer home the message that Cuba will prevail, despite the "aggression of the embargo." The trade embargo, called "the blockade" here, is a series of U.S. executive orders and legislation passed in the early years of the Castro government. The Cuban government constantly reminds its people of the CIA-backed Bay of Pigs invasion and later exile attacks. Cubans are trained to be ready for an



REMINDER—Wreckage of propeller and engine of U.S. plane and a destroyed U.S. truck used in the Bay of Pigs invasion are on exhibit at Playa Giron, Cuba.

attack at any time. Every employee must do "civil defense" guard duty at his place of work every few weeks. Men are required, and women are encouraged, to do some sort of military service.

Aware of U.S. Role

Cubans also are kept aware of the overbearing economic and political role the United States played here before Mr. Castro took power.

"The American ambassador used to run this country," said Humberto Hernandez, chief judge of the provincial court in Havana, who was also a judge before the Castro revolution.

Despite the anger and fear directed at the United States, however, there is still an intangible and important U.S. presence here. The loudest station on the AM radio dial morning and evening is the Voice of America. When atmospheric con-

ditions are right, television programs from Miami appear on Cuban sets. The 600,000 exiles living in the United States send letters, magazines and clothing to their relatives here.

A long-haired Cuban youth who apparently spends a lot of time hanging around the major hotels told me when we first met that he was not interested in the United States "because we get plenty of clothes from France and Britain now and they're more stylish anyway." On the last day of my visit the young man came to say good-bye and asked, with great embarrassment, if I could give him my blue jeans, because "they're very stylish here."

The lingering psychological influence of the United States is apparently seen by the government as a threat, and it seems to be a factor in the strict controls over the press, the arts, education and foreigners' visits.

Some of the controls seem to

be tightening. The government has recently begun a campaign against "ideological diversionism," which one newspaper question-and-answer column defined as counter-revolutionary ideas spread by foreign magazines.

On top of their 44-hour workweek, most Cubans stand guard duty at their work places, do volunteer work in fields or factories one or two Sundays a month, help patrol their neighborhood and attend meetings of the civil and political organizations everyone is expected to belong to.

Pre-school children tend their day-care centers' vegetable gardens, city teenagers spend six weeks working in the country each year, and mental patients in Havana raise chickens or man the hospital's many workshops. Housewives clean schools on weekends and distribute polio vaccine. Government bureaucrats are ex-

(Continued on Page 5, Col. 1)

To Fight Recession

Ford Budget Message Defends Large Deficit

By Peter Milius

WASHINGTON, Feb. 3 (WP)—President Ford today sent Congress a recession-haunted \$349.4-billion budget under which taxes would decline, spending and the deficit would rise, and yet the projected unemployment rate would still be close to 6 per cent in 1976, an election year.

The recommended deficit is \$51.9 billion, a peacetime record. The President said in the budget message that, like others in his party, "I have always opposed deficits," and said he was recommending this one only to pump the economy up out of the recession.

Yet the budget document said that, even with a deficit this large, the sagging economy will revive only gradually.

"We'll try to have a better one next year," Mr. Ford said as he signed the message. "This is the best we could do under the economic circumstances and the facts of life."

If Congress does only what the

- Ford's budget foresees 1976 as a year of difficulty for GOP, Page 2.
- Pentagon asks \$92.8 billion to halt power erosion, Page 2.

President has asked it to, his own economists said today that:

- Total economic output or "real" gross national product, which fell 2.2 per cent last year, will rise only moderately in 1976, and still be lower than that in the first year of Richard Nixon's second term.
- Retail prices, which rose an average of 11 per cent in 1974, would rise even more—11.3 per cent—in 1975, because of the President's plan to increase fuel prices and thereby discourage fuel consumption. Prices would then rise another 7.8 per cent in 1976.
- Unemployment, which was 7.1 per cent in December of last year, would average 8.1 per cent this year. In 1976, the economists said, the average would still be 7.9 per cent, and 7.5 per cent in 1977.

A bigger budget deficit would drive down unemployment faster, but the President said that it would also mean increased inflation. In effect what he said to Congress was that he was doing all that safely could be done.

The budget submitted today is for fiscal 1976, the year beginning July 1.

The recommended spending increase is \$35.9 billion, 11 per cent over this year's estimated outlays. The increase is almost all for expanding present programs or keeping up with inflation. The President said new spending programs—national health insurance and welfare reform, for example—would have to wait.

About a fourth of the spending increase—\$8.7 billion—is for defense. The President said defense outlays have fallen in the last few years as a percentage of the budget, and that "defense programs have undergone large reductions in real terms," particularly as military pay has risen

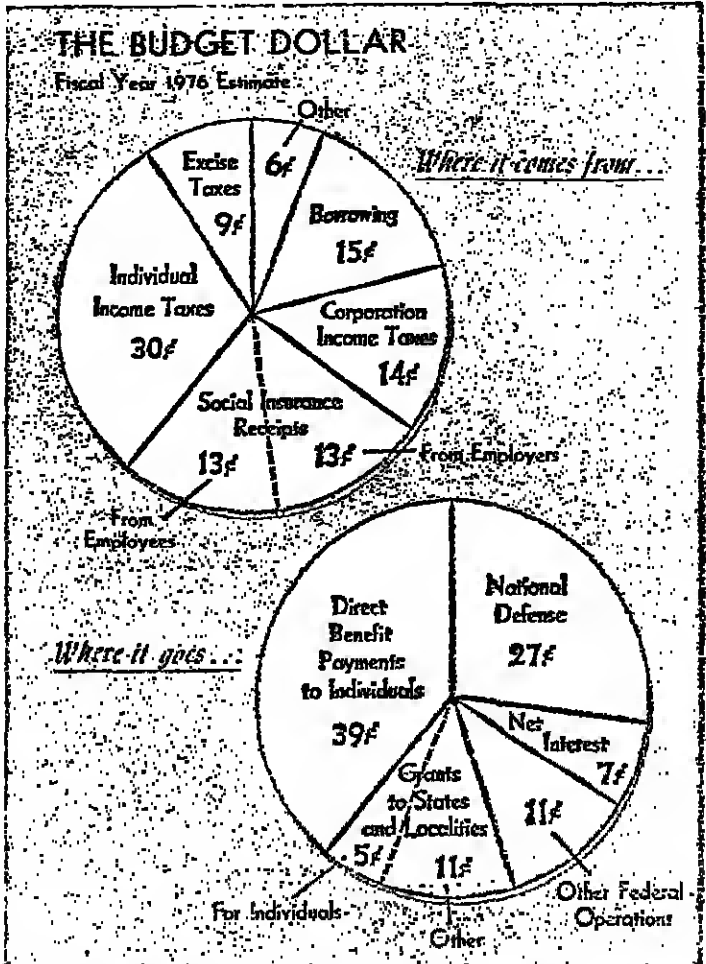
with the dropping of the draft and shift to all-volunteer armed forces. "It is no longer realistically possible to offset increasing costs of defense programs by further reducing military . . . strength," he said.

Basic Programs

Much of the rest of the increase would go to such basic programs as Social Security (\$6.5 billion) and Medicare and Medi-

icaid (\$1.6 billion), whose cost goes up each year with rising population and inflation.

Unemployment insurance outlays will rise \$3.5 billion, and interest on the debt \$3.1 billion. The spending side of the budget assumes that Congress will go along with \$17 billion the President has proposed in limitations and reductions. One of these is (Continued on Page 2, Col. 5).



Deep Recession, Limp Pullout Is Foreseen in Ford's Budget

By Hobart Rowen

WASHINGTON, Feb. 3 (WP)—President Ford's budget, not only predicts that the current recession will be almost twice as deep as any in the postwar period, but contemplates a slow recovery that would guarantee stagnation and high unemployment for at least four years.

There is nothing to compare with it since the Great Depression, which of course was even worse.

The profile of the economic slide, as laid out in a new table of economic forecasts and projections going through calendar year 1980, is grim.

Unemployment would average 8.1 per cent this year, falling only marginally to an average of 7.9 per cent in the election year of 1976, and would still average 7.5 per cent in 1977. Inflation would remain high while corporate profits before taxes would plunge from \$141 billion in 1974 to \$115 billion this year, before recovering to \$145 billion in 1976.

A budget section headed "Eco-

nomic Assumptions" displays what, among other things, the President's belief that the nation is in for hard times. The message conveyed is that the President sees a slow recovery and a long period of under-capacity economic performance as the only way to get the level of inflation back down to 4.0 per cent by 1980.

Thus, the "Economic Assumptions" show that in the four-year period 1974 through 1977, the average real growth of the economy will be barely over 1 per cent. A 4-per-cent average growth rate is the normal target, merely to keep pace with new additions to the nation's labor force.

The acceleration of recession has been so fast that the projected budget deficit for the fiscal year beginning July 1 rose \$5 billion, to \$92 billion, in just the two weeks that elapsed between the President's State of the Union message and the President's final "lock-up" of the budget statement. Most of this was due to falling revenues.

Administration's Hopes

For some weeks now, it has been clear that fast-declining revenues and rising expenditures in cope with the unemployment problem would wreck the administration's hopes for a budget only moderately in deficit for 1976.

Until now, the largest drop in real gross national product during the postwar period came in a brief, two-quarter recession in (Continued on Page 2, Col. 8)

Portugal to Seize Some Big Estates

LISBON, Feb. 3 (Reuters)—The Portuguese government has decided to expropriate some of the arable lands of the big estate owners, the secretary of state for agriculture said in a speech published here today.

Alfredo Esteve Belo said at a meeting of farm workers last night in the town of Beja that the aim was to relieve unemployment and increase production.

His speech, published by his office today, was made in the Alentejo region, where most of the big estates are situated. The Lisbon newspaper A Capital reported last week that a number of farm workers, some armed with hunting rifles, had occupied part of the Alpendres estate near Beja and begun cultivating it for themselves.

To Aid Hunt for Energy Sources

Kissinger Urges Consumers To Set Up Oil Price Floor

By Fred Faris

WASHINGTON, Feb. 3 (HT)—Secretary of State Henry Kissinger proposed today that industrialized countries put a floor under oil prices to encourage the development of new sources of energy that then would force Arab producers to cut their prices.

By jointly adopting the paradoxical pricing plan, combined with conservation measures, Mr. Kissinger said, the consumer nations could, within two years, shrink the producers' power to set world oil prices.

In a speech at the National Press Club, the secretary said such a price floor should be lower than the present \$11-a-barrel rate set by the oil producers, but he said it would be considerably above the \$3-a-barrel price paid before the oil crisis started 16 months ago.

Mr. Kissinger's statements signaled the administration's belief that the era of cheap oil, which had brought unparalleled industrial development and economic boom times, had ended. His speech spelled out the U.S. strategy for the new realities facing the world, stressing the need to develop alternative sources of energy.

Import Tariffs

The United States, he said, intends to ask all oil-consuming nations to set their own minimum prices on petroleum by means of new import tariffs, imposed either separately or cooperatively. The proposal will be raised Wednesday at the International Energy Agency (IEA) meeting in Paris when the United States will ask members to "agree that they will not allow imported oil to be sold domestically at prices which would make these new energy sources noncompetitive."

The Kissinger plan echoes in part the formula enunciated in November in a speech at Yale University by Assistant Secretary of State Thomas Enders, proposing a floor on oil prices at current market levels.

Mr. Enders, who will present the U.S. idea at Wednesday's meeting, said in November: "What is important is that all of the major consumers adopt policies having the effect of creating stable investment expectations for the new realities facing the world, stressing the need to develop alternative sources of energy."

President Ford already has ordered into effect a gradually increasing tariff on imported oil, but Congress is moving to rescind that action.

Mr. Kissinger today said the U.S.-led attempt to reduce the

use of imported oil and to develop new energy sources may well drive down the cost of petroleum products in the next few years, but that this, in turn, may involve new dangers. He warned: "The inexpensive imported oil could then jeopardize the investment made in the alternative sources. The lower oil prices would also restimulate demand, starting again the cycle of rising imports, increased dependence [on foreign sources] and vulnerability."

Thus, a firm minimum price for imported oil is necessary, he argued.

Pressure on OPEC

The proposed floor price would exert pressure on members of the Organization of Petroleum Exporting Countries and would provide a "point of reference for an eventual consumer-producer agreement" on a lower price, Mr. Kissinger said.

The secretary told his luncheon audience that reduced consumption—because of high prices and conservation measures—already (Continued on Page 2, Col. 7)

Heath Favored in Vote Today To Retain Tory Leadership

By Bernard D. Nossiter

LONDON, Feb. 3 (WP)—The official life of Edward Heath of his possible replacement by woman will be decided here today when Conservative members of Parliament vote on party leader.

Mr. Heath is battling to remain in the post that he has held since 1970 and is favored to win, despite having led the Tories to defeat in three national elections out of four—two of them last year.

The Louis Harris poll released today showed that 70 per cent of the Tory voters questioned want the 276 Conservative MPs to retain Mr. Heath as leader.

At 58, the former prime minister is admired by Tories for his mastery of complex issues, his rhetorical stature and his careful debating in the House of Commons. And Lord Home, who as Sir Alec Douglas-Home served as prime minister and foreign minister, backed Mr. Heath today as "much the best leader we have got."

Mr. Heath, however, is seen by many as cold, aloof and stubborn, insensitive to the lives of the poor. "He has the mind and manner of a superior civil servant," a back-bencher has said. The party leader's personality counts heavily toward electoral success, and Mr. Heath's manner is regarded as a distinct liability. There are fears that he cannot lead Conservatives back to power.

Future in Doubt

If he loses, Mr. Heath may be pushed as a force in British political life. Even if he wins, his future is not assured. Under the new rules adopted by the party, a fresh leadership contest can be staged every year. Prime Minister Harold Wilson is not expected to call an election until 1978, giving the Tories plenty of opportunities to push Mr. Heath aside.

His biggest open challenge is from Margaret Thatcher, a woman once described as "the iron lady." Mrs. Thatcher, 49, served as Mr. Heath's minister education and is the darling of the party's right wing. She roasts the virtues of free markets, deplores state control, extols rewards for the strong and clearly regards herself as one of them.

Like Mr. Heath, she has fought her way out of the lower middle class largely through her own efforts. Her father was a grocer to the topmost rungs of Britain's most class-conscious party. Like Mr. Heath, too, she won scholarship to Oxford. He led

her to a job as a research chemist and a career as a tax lawyer. She married a business executive who is now a director of Burnham Oil.

Mrs. Thatcher, who was given the nickname of "Thatcher, milk snatcher" after she ended the free-milk program at state schools, has impressed Tories with her forensic skill. She has (Continued on Page 2, Col. 1)

Moro Outlines Energy Plan, Aid to Italy Farms, Housing

By Paul Hofmann

ROME, Feb. 3 (NYT)—Premier Aldo Moro warned today that Italy could not hope to overcome its current deep recession before late in 1976, and said the nation was producing the risk of being "downgraded" unless stern measures were taken.

Mr. Moro announced a new energy program to cut Italy's oil imports by \$500 million to \$600 million annually. Italy last year spent \$7 billion for crude oil, mainly from the Middle East.

Addressing the leadership of his Christian Democratic party, the Premier stated that his government would take action to substitute methane gas and coal for fuel oil in electric power plants, reduce the overall consumption of petroleum products by 7 per cent, and build 20 nuclear power plants.

Italy now has only three functioning nuclear power plants, lacks a broad domestic energy base, and depends on oil imports more than any other European nation.

The fourfold increase in the price of crude oil decreed by the producing countries more than a year ago hit Italy particularly hard. Even before the world energy crisis broke out, this nation's financial situation had been worsening because it imported more—especially food—than it exported, and was running up big new debts to pay old ones.

The Premier today said that the deficits of the Italian state and the municipalities in general were "disastrous." He declared that Italy could ill afford to waste national resources to finance the inefficiency of the public machinery, meaning the bureaucracy.

Mr. Moro said that Italy must revamp the state administration, and above all start "a tough fight against tax-dodging."

The Premier warned that Italy



Margaret Thatcher

was threatened by mass unemployment. At present, the number of jobless is estimated to exceed 5 per cent of the nation's labor force.

Mr. Moro announced new programs to spur the construction industry, which is languishing, by publicly subsidized building of 100,000 new apartments in 74 months. He also promised measures to aid Italy's struggling farmers.

Mr. Moro's address was his first major policy statement since he formed a new Cabinet after a 50-day government crisis two months ago. The Premier's remarks about Italy's financial and economic situation sounded more candid and realistic than most of the official speeches that the nation has been hearing lately.

Foreign policy was hardly mentioned in the debates of the Christian Democratic leadership.



Aldo Moro

Condemns 'Inadequate' Progress

EEC Decries Low Status of Women at Work

By David Haworth

BRUSSELS, Feb. 3 (IHT).—The European Commission has condemned "inadequate" progress toward equality of pay and opportunity between the sexes in the European Economic Community.

In a report entitled "The Situation of Working Women in the Community," as yet unpublished, the commission says that women's efforts for equality have grown faster than their position in the labor market.

But, it says, both the economic needs of families and the educational level of women mean that they are an integral part of the Nine's labor market, and are no

longer prepared to be merely a pool of casual workers.

Traditional ideas about the roles of men and women are changing rapidly, the document says. It was produced by the social affairs commissioner, Patrick Hillery, as the EEC's contribution to the UN International Year for Women.

It is critical of member governments which have been slow in the implementation of equal pay, despite the fact that the principle is laid down in the Treaty of Rome on which the EEC is founded.

It is also sharp in its comments about the poor opportunities for vocational training and guidance available for women. "Unimag-

inative guidance leads women to opt for short so-called 'women's' training courses which hold out no prospect for a true professional future.

The commission complains as well about the difficulties of women in the 35-40 age group who wish to return to work after a long absence.

There are an estimated 35 million employed or self-employed women in the EEC. Their proportion in the working population ranges from 35 to 40 per cent in most member states but is lower in the Netherlands, Italy and Ireland where the average is only 25 per cent. The commission believes that these proportions may increase in the next few years and mentions as "the most significant recent phenomenon" the growth during recent years of the number of working women who are married.

But although most countries show an increase in the numbers of working women, their employment is sensitive to economic fluctuations. Unemployment among women tends to increase more rapidly than men's unemployment.

The commission identifies France, Italy and Belgium as the worst countries in this respect. The report insists that poor vocational training in these countries is the main cause of their female unemployment. Their compulsory education systems leave young women without qualifications or with qualifications which are unsuitable for the labor market, it says.

Equality of opportunity, in the commission's view, is as important as an access to a career and the report draws attention to the lack of women in professional and managerial jobs.

In West Germany, one in eight company heads is a woman and at the managerial level there is one woman for every 50 men. In France, 60.5 per cent of women in industry are laborers and only 10 per cent (compared with 32.5 per cent of men) ever attain supervisory or managerial positions.

A recent survey of women's working conditions cited by the commission exposes the lack of further training facilities provided for women by their employers. Only 12 per cent of working women in the Netherlands, 38 per cent in Germany and 39 per cent in France have received vocational training since they began work and the training is in many cases brief and directed more toward specific tasks rather than a career.

The commission sets out four goals for 1975: The implementation of a directive on equal pay, the expansion of the social fund to help training programs for women, plans at the local level to promote the employment of women under the social fund, and the establishment of a community information unit about women and work.

Heath Favored in Vote Today To Retain Tory Leadership

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been debating Labor's Chancellor of the Exchequer Denis Healey, and is credited with scoring heavily in the argument over a key bill to impose a tax on gifts.

Her backers claim that she is eroding Conservative prejudice against women in high places, but many MPs fear that women voters are the biggest obstacle to a politician of their own sex.

If Mr. Heath and Mrs. Thatcher both fail, there are a great many persons waiting to seek the leadership of the Tories, including Mr. Foreman, perhaps, is William Whitelaw, who captured public imagination when he was Mr. Heath's minister for Ulster.

Mr. Whitelaw, like Mr. Heath, is close to the center of the political spectrum here and his greatest talent lies in his ability to heal the divisions in the Tory ranks.

Mr. Whitelaw, 56, is the party's

chairman, but his strength is also a handicap. Tories who fear that their party has compromised too much with unions and state intervention want a fighter and not a conciliator as chief.

2d-Ballot Candidate

Mr. Whitelaw claims he favors Mr. Heath's re-election by a "decisive" vote. The operative word is "decisive." If Mr. Heath cannot win on the first ballot, Mr. Whitelaw would be free to enter the race against him.

He could do so because of the complex rules that the Tories have adopted to choose a leader. Conservatives are not used to internal election battles and their leaders have traditionally been picked by a small inner group, the "backbenchers." Mr. Heath's triumph nearly 10 years ago was the first and only time a ballot was used.

After the party lost the general election in October, the backbench complaints over Mr. Heath led to demands for another contest. The rules were drawn up by Lord Home.

To win on the initial ballot, Mr. Heath or Mrs. Thatcher must first collect a simple majority of the 276 Tory MPs, or 139 votes. That task is made harder because a third entrant is in the race. It is Hugh Fraser, an undistinguished backbencher who can pick up votes from those who want neither of the front runners.

In addition, a first-round winner must also lead the runnup by at least 42 votes. It is this second hurdle that makes a second round likely.

Open to Everyone

The second ballot is open to anyone who wants to stand, and is a simple majority of 139 is needed to win. But the likelihood that five or more may be standing could lead to a third ballot.

That ballot would be limited to the top three candidates from the second round, and the Tory MPs will mark first and second choices. If no one collects 139 first-place votes, the ballots choosing the trailing candidate will be eliminated and the second choice on those ballots will be counted.

Lord Home's rules assume that this procedure will finally give someone 139 votes, but a tie is still mathematically possible. There is, however, the provision for breaking such a tie and the cumbersome structure could turn out to be an embarrassment.

If no one is selected on tomorrow's first ballot, a second will be held Feb. 11 and, if needed, a third on Feb. 13.

Mr. Heath's backers are confident that he will win on the first round. But if he does not, he has indicated he will go on fighting.

Food Poisons 143 Japanese On Airliner

COPENHAGEN, Feb. 3 (UPI).

—Spilled food aboard a chartered Japan Air Lines Jumbo Jet today hospitalized 143 passengers in Copenhagen shortly after they had eaten their American-prepared breakfast over the Atlantic.

As the Tokyo-to-Paris Boeing 747 touched down for a maintenance stop in the Danish capital, scores of ambulances and buses stood waiting to take the ill to a hospital in Copenhagen.

There were 344 passengers aboard the plane—all Japanese employees of the Coca-Cola Co. on a week's study tour of France. Many had eaten the breakfast loaded aboard during a stop in Anchorage, Alaska, which consisted of ham omelettes, yogurt and shrimp salad.

The 17 crew members, who all escaped illness, and doctors among the passengers administered first aid to the stricken, but quickly decided to call for ambulances and immediate hospitalization.

Airport Aid Station

A lounge at the airport was turned into a first-aid station, where passengers, gripped by acute pains, lay moaning under blankets pending the arrival of ambulances.

"The preliminary finding of the examining laboratory is that the ham was the cause of the poisoning," a JAL spokesman said.

"The omelette was made in Anchorage by the International Flight Catering Co., which is partly owned by Japan Air Lines," said Kenji Maekita, manager of JAL's overseas public relations, in Tokyo.

The passengers who did not become ill continued to Paris, JAL said, after a sightseeing tour of Copenhagen by bus.

A hospital source said a few of the older persons were suffering from "severe food poisoning," but he added that all were expected to survive.

"Poisoning of this type usually is of a short duration, and the first few hours are the dangerous period," he said, adding that all the patients would stay in the hospital overnight.

Five Killed in Brawl After Angola Looting

LUANDA, Angola, Feb. 3 (Reuters).

—Five persons were killed in an exchange of fire today as troops tried to stop a crowd of Africans from ransacking a shop a Portuguese military spokesman said.

The crowd apparently believed the white shopkeeper in the Sao Paulo market district of Luanda had shot two Africans yesterday.

The spokesman said that two Portuguese Army officials, a civilian and two Angolan Liberation Front soldiers were killed. An unknown number of persons were wounded.

Baader Unit Adds Strike on Liquids To Fast on Food

STUTTGART, Feb. 3 (AP).

—At least 30 members of the leftist Baader-Meinhof gang, currently on a hunger strike, began to refuse liquids today, authorities reported.

One of their lawyers said he believed that others will follow the thirst strike soon. The strike is the latest in a series that started late last year to protest prison conditions. One gang member has died.

Officials said the gang members were striking in prisons in Hamburg, Hannover, Bremen, West Berlin and Stuttgart.

Doctors ruled that the strikers should be forcibly nourished. Among those receiving nourishment daily are Andreas Baader, Ulrike Meinhof, Jan-Carl Raspe and Gudrun Ensslin, the leaders of the gang. The gang is accused of several bank robberies and bomb attacks in which at least four American servicemen and several German policemen were killed.

The group is expected to be put on trial later this year.

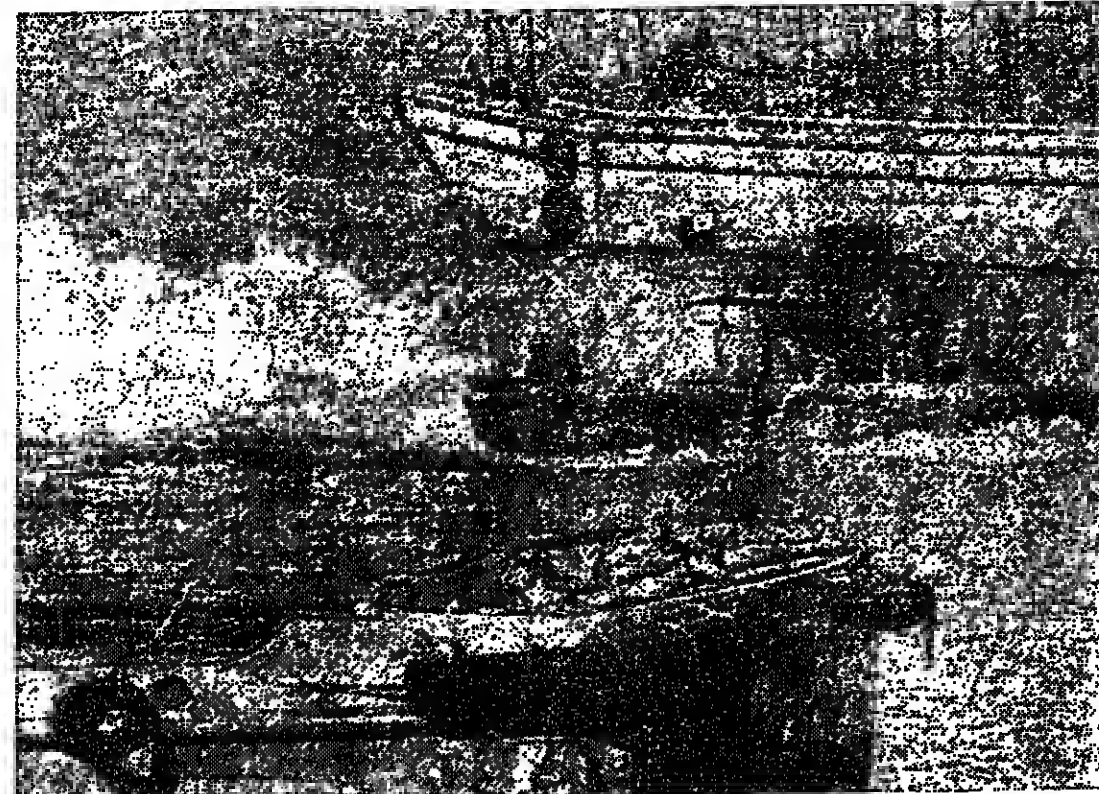
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SMOKESCREEN—Cambodian government craft leaves trail of heavy smoke to help obscure river traffic at Phnom Penh where heavy fighting was taking place.

Saigon Closes 5 Papers, Arrests Newsmen

By James M. Markham

SAIGON, Feb. 3 (UPI).—The government of President Nguyen Van Thieu today closed down five opposition newspapers and continued a wave of arrests of journalists that began quietly over the weekend.

Yesterday, the government seized the editions of nine newspapers that had published a new "indictment" of Mr. Thieu issued by the Catholic-led People's Anti-Corruption Movement of the Rev. Tran Huu Thanh.

The "indictment" said Mr. Thieu should be "charged with high treason" for a series of political crimes. "As long as Mr. Thieu remains, there can be no peace, for he is a product of the war, he is nourished by the war and he can survive only with the war," the document charged.

A statement issued by the Information Ministry today said: "The government has just arrested a number of Communist underground agents who had infiltrated into the staffs of a number of newspapers in the capital to carry out sabotage activities."

The statement expressed the regime's "respect for the right to free speech of every citizen" but said it was "determined to smash all attempts by the Communists to sabotage the press, in order to protect national security and maintain public order."

Ly Chanh Trung, an editor of the opposition daily Dien Tin, responded: "They can say whatever they want—but that's a lie."

The challenge to Mr. Thieu by the press and Father Thinh's movement, which have collaborated in the past, occurs at a particularly awkward moment for the regime.

The Ford administration has

requested from Congress \$800 million in supplementary military aid for Saigon, and Mr. Thieu and his government have been at pains to put themselves in a good light.

The five newspapers that received orders of temporary suspension from the Interior Ministry were Dien Tin (Telegraph), Song Than (Sacred Wave), But Thap (Pen of Steel), Dong Phuong (East) and Tia Sang (Morning News).

Cambodia Vessels Sunk

PHNOM PENH, Feb. 3 (AP).—Rebel gunners attacked an 18-vessel convoy going from Phnom Penh to South Vietnam on the Mekong River, sinking a fuel tanker and setting a tugboat ablaze, shipping sources said today. They were the fifth and sixth vessels lost on the Mekong in 12 days.

\$8-Billion Increase

Pentagon Presents \$92.8-Billion Budget

By Michael Getler

WASHINGTON, Feb. 3 (UPI).—Seeking to halt what it calls the "steady erosion" of U.S. military strength and purchasing power in recent years, the Pentagon has asked Congress for an \$8-billion increase in military spending next fiscal year—to \$92.8 billion.

Even this amount, the Pentagon claims, will just barely keep pace with the inflated prices of fuel, tanks, ships and planes plus the steady rise in military and civilian salaries.

But the new defense budget sent to a potentially hostile Congress today by President Ford actually represents a deposit on a much larger increase.

When measured not just in terms of the \$8 billion more which the Pentagon wants to actually spend next year, but rather in terms of how much the Pentagon wants Congress to authorize for spending—including awarding contracts that he paid for in future years—the budget includes a \$15-billion increase over this year.

First Real Growth

It is because of this longer-term increase in overall budget authority that Defense Department officials claim that the new request for fiscal 1976 contains the first real growth—about \$8 billion worth over this year—in military purchasing power since the Vietnam buildup.

"It's a landmark budget... and a substantial one," Defense Secretary James Schlesinger told newsmen, "and I offer no apologies for its size."

He called the new budget "the best judgment of what represents a prudent level of risk" for the United States.

"We must have a turnaround in the process" of soaring inflation and congressional budget cuts "that has been going on year after year and eroding the real resources going to defense" in the United States, Mr. Schlesinger said. The Soviet Union is now spending 20 to 25 per cent more on real military power than the United States, he claimed.

With the Pentagon clearly worried that a freshman-dominated new Congress will seek to make its mark quickly on the defense budget, Mr. Schlesinger warned again that any defense cuts should be the result of "conscious decisions" and not the product of anonymous "bureaucratic compromise."

Unlike defense budget messages during the administration of former President Richard Nixon that contained heavy White House doses of U.S. foreign policy and nuclear strategy, this year's formal address to Congress had Mr. Schlesinger's stamp on it.

Rather than emphasizing nuclear power and weapons, it stressed the need to strengthen U.S. conventional forces, including the expansion of the Army from 13 to 16 divisions by September, 1976, and boosting the combat readiness of these forces as the most credible and usable form of military power in the nuclear age.

There are virtually no major new weapons programs in the new budget, but the big ones that got started in recent years, such as

development of the Air Force's B-1 bomber and the production of the Navy's Trident missile-firing submarine project, get a healthy dose of additional money.

The new budget calls special attention to the impact of retirement pay on the defense budget—\$6.9 billion next year and estimated to hit almost 10 per cent of Pentagon spending by 1980, even though no more cost-of-living or other increases are planned for the next 18 months.

The \$92.8-billion figure does

not include almost \$1.8 billion for atomic missile warheads and Navy nuclear propulsion plants for ships produced for the Pentagon by the new Energy Research and Development Agency, formerly the Atomic Energy Commission.

Thus, total U.S. defense spending comes to more than \$94 billion and could go even higher if Congress does not approve the 5-per-cent limit on pay and cost-of-living raises for government and military employees.

(Continued from Page 1)

a ceiling on 5 per cent on this year's scheduled cost-of-living increases in Social Security outlays. The increase will otherwise be an estimated 9 per cent. Congress has already indicated it would balk at this.

It is likely to balk as well at similar ceilings the President has proposed on other programs in which spending is tied to the cost of living—food stamps and federal employees' pay and pensions, for example.

The President said the proposed limitation on Civil Service and military pay increases "recognizes that the federal government must set an example... and that federal employees generally enjoy considerably greater job security than the average worker" in recessions. "I believe that most federal employees will understand," he said, and went on to "urge" the private sector—labor and management alike—to follow this example and minimize price and wage increases."

He warned that if Congress failed to take these cost-cutting steps, the deficit could rise to almost \$70 billion. It would also rise if Congress cut taxes more than the President has proposed, as it has also already shown a disposition to do.

The budget assumes that Congress will enact without amending the President's tax and spending plans.

The tax plan is in two parts. The first and simplest is a \$15-billion, one-year-only anti-recession tax cut, \$12 billion of which would go to individuals in the form of a 12-per-cent, two-year installment rebate on their 1974 income taxes, up to a maximum of \$1,000 a taxpayer. The second installment would fall in fiscal 1976, and the total proposal would reduce fiscal 1976 revenues \$10.2 billion.

The second and more complicated part of the President's plan involves a series of tax increases on oil and natural gas, to drive up prices and discourage consumption. The higher fuel taxes and prices would be offset by lowered individual and corporate income taxes. Congress's immediate reaction to this plan has been to block it.

The budget also contemplates one other major tax change—another increase next Jan. 1 in the Social Security wage base, the part of an individual's earnings on which both he and his employer pay the 5.5 per cent Social Security tax.

Under present law, the wage base is adjusted upward automatically each year as wages generally rise. It was \$12,200 in 1974, is \$14,100 this year, and will go up to \$15,300 in 1976, according to the projections in the budget.

Tax Expenditures

The budget also included, for the first time, a listing not only of the so-called direct expenditures planned by the government—the \$349.4 billion—of what economists call "tax expenditures," the taxes the government does not collect because of the preferential provisions in the tax code.

The taxes the oil industry saves because of the oil depletion allowance are one example. The economists say these uncollected taxes add to the deficit and affect the economy just as surely as regular federal expenditures do. "Tax expenditures will total \$91.8 billion next fiscal year."

Future fiscal years will start in October rather than July, and the budget the President submitted today thus also calls on Congress to approve \$94.3 billion in spending for the so-called "transition quarter" from July of next year through September.

The new law also will require Congress, starting in fiscal 1977, to adopt a specific spending total for each fiscal year and then live within it or expressly change it. It has never done so in the past.

Epidemic Feared In Naples Strike

NAPLES, Feb. 3 (AP).

—Fear of the development of serious epidemics was growing here today as garbage collectors continued a strike for the sixth day, leaving tons of rubbish on the streets.

In 1973, the city was hit by a cholera epidemic which caused several deaths.

Grave-diggers at the Naples cemetery also went on strike, leaving 300 coffins unburied.

Ex-Chairman Calls It 'Scary'

Message May Also Foretell A New GOP Political Slump

By David S. Broder

WASHINGTON, Feb. 3 (UPI).—President Ford bet his political future today on a budget that projects both unemployment and inflation near 3 per cent in the election year 1978, confronting him with the toughest economic-political problem any Republican president has faced since Herbert Hoover.

The 7.9-per-cent unemployment rate predicted for 1978 would be the highest in any presidential election year since 1940, when the Depression left 14.5 per cent of the work force idle and Franklin Roosevelt had his hardest race.

The predicted 7.9-per-cent inflation rate has no parallel in any modern presidential year.

Sen. Bob Dole, R-Kan., a former Republican national chairman, said today that the political prospect was "pretty scary. I just hope it turns out better than that." He noted that not only Mr. Ford but "the few survivors" among congressional Republicans would be running in 1976.

"It may turn out," said Sen. Dole, who had a very hard fight for re-election last year in the wake of Watergate, "that 1974 was the good year for a Republican to be on the ballot."

Comparison With 1960

The grimness of the situation forecast by Mr. Ford is highlighted by a comparison with 1960, the last year in which Republicans were winning up eight years in the White House.

Richard Nixon, the GOP nominee that year, complained in his memoirs that the deteriorating economic situation, more than anything else, caused his close defeat by John F. Kennedy.

But unemployment in 1960 was only 6.5 per cent—2.4 per cent below what the budget estimates for 1978—and inflation was only 1.5 per cent.

"Normally, with such a record brought about by their own reckless policies, they [the Republicans] shouldn't even bother to run candidates," said Rep. Henry Reuss, D-Wis., the senior chairman of the House Banking and Currency Committee.

"On the other hand, it's up to us Democrats to fight for constructive alternatives, and we've just begun to fight. If we fail to do what we should do, we will get the blame."

Rep. Reuss's comment suggests one important element of the political strategy behind the President's budget: A sharing of responsibility with the Democratic-controlled Congress.

In the budget message, Mr. Ford pledged "to work in a spirit of cooperation" with Congress, and even to "walk the extra mile." But the budget bristles with political challenges and most of them were placed there on purpose.

Mr. Ford is calling on Congress to ratify \$17 billion in spending cuts for next year—virtually all of them from domestic programs with which Democrats are strongly identified.

If the lawmakers refuse to cooperate, which is probable, Mr. Ford is in a position to blame them for being the big spenders.

The President is giving his top priority to rebutting those in the Republican party who view him as dangerously soft on spending. The responsiveness of those conservatives—whose political hero is former California Gov. Ronald Reagan and whose spokesman inside the administration is Treasury Secretary William Simon—poses the threat of a challenge to Mr. Ford's renomination or a breakaway into a right-wing independent party.

With their eyes on voting blocs who want more than Mr. Ford is proposing to give them, the Democrats seem certain to call for higher tax cuts and greater spending than the President recommends.

A staff study for the Senate Budget Committee outlines alternative

natives for the Democrats, including temporary and permanent tax cuts larger than those proposed by Mr. Ford and a variety of "reversible, counter-cyclical spending programs" designed to expand the economy faster and bring down unemployment.

The result of the great debate between administration economists and those on Capitol Hill is likely to be a set of fiscal policies which provide much more stimulus for the economy than Mr. Ford has budgeted. But it may not be more than he expects or will accept.

Some presidential advisers conceded today that the budget message had a "built-in assumption," as one put it, "that what ever we recommended would be the floor for what Congress would do."

As Sen. Walter Mondale, D-Minn., commented, "Mr. Ford will be better off if he doesn't get his way—and he and I people may be smart enough to know it. He is politically smart to acknowledge the situation to be as tough as it is; it makes him seem more credible on other matters. And if the policy finally adopted works, he will be the one who gets the credit for it."

U.S. Budget Offers Grim Projections

(Continued from Page 1)

1967-68, when the slide was 2 per cent.

In 1963-64, there was a some what longer slide—four quarters—with a drop of 3.4 per cent.

The current recession, continuing the four quarters of decline in calendar 1974, has already resulted in a 5-per-cent drop in real GNP from the 4th quarter peak in 1973. Government economists privately estimate the drop in GNP will continue at least the first two quarters of 1975, and probably into the third quarter, with an overall drop of 7.3 to 7.5 per cent.

Democratic party economists immediately claimed that the bleak picture presented by the administration confirms the arguments they have been making on Capitol Hill for the past several weeks that the economy needs a greater stimulus than is provided by Mr. Ford's on-shot, \$16-billion tax rebate in 1975.

"And I'll tell you one other thing," says an administration critic, "no President I worked for would ever have put these numbers into print. If we believed them, we'd be proposing something else."

The key "numbers" are the

• GNP would decline by 7.3 per cent in real-noninflation terms in calendar 1975, after a 2.3-per-cent decline in 1974. As from the post-World War II readjustment period, that would be only the second time in history that the country suffered two back-to-back years of negative growth. The first occurred during the Great Depression years 1932-33.

• In 1976, the "projection" call for growth rates of 5.5 per cent in 1977, and then a 6.5-per-cent rate in the following two years, or far below the 8-per-cent target recommended for 1976 and 1977 by Congress' Joint Economic Committee in a unanimous report. The committee said the nation would be faced with big unemployment for the rest of the decade.

• Unemployment would rise to an average of 8.1 per cent in 1975, fall to 7.9 per cent in 1976, rise to 8.2 per cent in 1977, to 8.3 per cent in 1978, to 8.2 per cent in 1979, and to 8.5 per cent in 1980.

• Inflation rates, instead of coming down, would rise. The Consumer Price Index, for example, estimated at an increase of 11.0 per cent for 1975, would move up to 11.3 per cent in 1976, partly as a result of the cost of the President's energy program. The GNP deflator, the measure of inflation in the whole economy, would rise from 10 per cent in 1974 to 10.3 per cent in 1975, then drop to 7.5 per cent in 1976.

The retiring director of the Office of Management and Budget, Roy Ash, said that despite the 11.3 per cent increase estimated for the Consumer Price Index in 1975, the inflation rate would drop to about 7 per cent toward the end of the year, when measured on a quarter-to-quarter basis. However, other economists claimed that after allowances are made for the cost of Mr. Ford's energy program—2 to 3 points—the inflation rate toward the end of the year indicated by the budget data appears to be 6 per cent or higher.

Kissinger's Oil Price Plan

(Continued from Page 1)

has resulted in some oil producers cutting their output by a quarter, or some 9 million barrels a day, to preserve the present "inflated" price.

In urging concerted action by consuming nations to break the OPEC-imposed pricing structure, Mr. Kissinger said:

"No cartel is so insulated from economic conditions that its price structure is invulnerable to a transformation of the market."

Negotiating a Price

Mr. Kissinger said the major oil-consuming nations could negotiate an agreed minimum price and suggested two ways this might be done.

First, he said, "the consumer nations could agree to establish a common floor price for imports to be implemented by each country through methods of its own choosing, such as import tariffs, variable levies or quotas."

His official method would be for OEA members to "establish a common tariff on oil imports."

This, he said, would assure oil producers of a long-range minimum price while cutting costs for consumers and still promoting development of new energy sources.

Mr. Kissinger said he expected a preliminary meeting between consuming and producing nations in March to study the problems and develop an agenda for a full-scale conference.

A Correction

PARIS, Feb. 3 (IHT).—In dispatch from Washington in IHT this morning, The New York Times, through an editing error, incorrectly reported that the CIA was under a Justice Department subpoena in early August 1972, when Richard Helms, then director of the CIA, ordered the agency to withhold information from the subcommittee. The subpoena, ordering the CIA to produce all "Watergate" communications, was not in effect at the time.

Dean Opens Tour Of Colleges, Says 'I'm in Deep Debt'

By Ron Taylor

CHARLOTTESVILLE, Va., Feb. 3 (AP)—John Dean, freed from prison three weeks ago, turned at the University of Virginia here last night in the opening of a six-week schedule of most daily speaking engagements at colleges. He told his audience of nearly 5,000 students that he is making the tour because "I am in debt, deep debt."

Dean made no new revelations about the Watergate scandal, in which he played a key role. He said the first half-hour of his lecture answering questions about his lecture fee.

"Is it too much to pay \$4,000 to hear a man who is in the middle of one of the nation's worst scandals talk about it?" Dean asked at the beginning of his address.

Dean, who was counsel to former President Richard Nixon, said, "Today I'm not merely a man in debt, deep debt. He said that he was about \$30,000 to creditors."

Little Protest

Dean's appearance, which generated little protest, caused the largest advance sale for a lecture in the university history, fields of the institution said.

Only a handful of students picked the hall in which Dean spoke. Inside, there was a banner that said, "I am in debt, deep debt."

Dean answered questions about his financial status and his speaking fee until a young man approached a microphone used for questions and said, "I am in debt, deep debt."

Dean said that he has some reservations about continuing on his coast-to-coast speaking tour—asking six to eight appearances a week—because he is capitalizing on his crime.

Released in January

He had pleaded guilty to a charge of obstruction of justice and served four months of a 1-to-



John Dean at University of Virginia.

4-year sentence before U.S. District Judge John Sirica ordered him released on Jan. 9, along with two other Watergate figures, Herbert Kalmbach and Jeb Magruder.

One of Dean's questioners asked what Mr. Nixon would have done if he had known in advance of the plans for the break-in at the Watergate office complex.

"He would have said, 'This is crazy, this is dumb. Let's stop it,'" Dean said.

But, he added, the atmosphere in the Nixon White House encouraged "a search for intelligence" about Mr. Nixon's opponents. "If you had good political intelligence to give to your superiors, they liked that."

Bhutto Arriving in Washington Today U.S. May Ease Ban on Arms for Pakistan

By Bernard Gwertzman

WASHINGTON, Feb. 3 (AP)—The United States is considering relaxing its embargo on the sale of arms to Pakistan to permit it to buy certain kinds of military equipment barred for the last 10 years, administration officials said yesterday. The disclosure was made in advance of the arrival here tomorrow of Prime Minister Zulfikar Ali Bhutto.

Various options have been forwarded to Secretary of State Henry Kissinger for a decision, the officials said.

Mr. Kissinger could recommend keeping the embargo on the sale of so-called "lethal" weapons to Pakistan and India, as requested

by India, or could recommend to President Ford that Pakistan be allowed to buy up-to-date equipment such as military aircraft and tanks, the officials said.

[Mr. Kissinger, who raised the issue of lifting the embargo in connection with Mr. Bhutto's visit, told a questioner at a National Press Club luncheon: "No decision has yet been made, and I doubt that a final decision will be reached while he is still here." The exchange was reported by the Associated Press.]

The decision is viewed here as an extremely difficult one for the Ford administration, going to the heart of its efforts to keep on good terms with India and Pakistan.

"We can't please everyone on this," a senior State Department official said.

Since the 1971 war between Pakistan and India, which led to the creation of Bangladesh in what had been East Pakistan, the United States has been trying to overcome anti-American attitudes that its support of Pakistan spawned in India.

Washington has recognized that India is the "preeminent" power in the subcontinent and one of the major powers in the world. It no longer tries to "balance" the two countries, but accepts that India, because of its larger size and population, should have a much stronger armed force than Pakistan.

This new policy was repeatedly emphasized by Mr. Kissinger on his visit to India last October. But the Ford administration also believes that the long friendship between the United States and Pakistan should be strengthened and that Pakistan should not feel rejected because of American efforts to improve ties with India.

Mr. Bhutto, a forceful, energetic leader, has pressed for relaxation of the arms embargo because of his belief that Pakistan is vulnerable to attack from India and Afghanistan, both of which are aided by the Soviet Union.

Nuclear Weapons

India's detonation of an underground nuclear device last May has heightened Mr. Bhutto's concern. He has said that Pakistan will have to consider developing nuclear arms itself if it cannot count on reinforcing its conventional forces.

American officials have taken to quelling Mr. Bhutto's concern as a sign that, psychologically, Pakistan needs reassurances.

The Indians, however, have expressed extreme anxiety as the date for Mr. Bhutto's visit to the United States has approached.

India's ambassador here, I.N. Kaul, has lobbied with legislators, officials and newsmen, warning that a resumption of arms sales to Pakistan would produce a violent reaction in New Delhi and end Mr. Kissinger's efforts to strengthen ties with India.

Administration officials refused to discuss the details of the options presented to Mr. Kissinger, but stressed that none was aimed at contributing to a new arms race in the subcontinent or at changing the balance of power in any substantial way.

"It is not in our interest to fuel an arms race in South Asia," one of the officials said.

5 in Montreal Held In Fire Death of 13

MONTREAL, Feb. 3 (AP)—Five persons have been arrested in connection with the deaths of 13 persons whose bodies were found in a beer storage closet after a Montreal nightclub fire, a police spokesman said.

He said that four men and a woman were picked up last week, but he gave no other details.

The case is closed. The killings have been resolved and will learn all about it at the inquest," the spokesman said.



VICTORY PARTY—Indians and their supporters celebrate after agreement was signed for their acquisition of a religious estate near Gresham, Wis.

Accord Reached to End Seizure Of Wisconsin Estate by Indians

GRESHAM, Wis., Feb. 3 (AP)—Agreement was announced yesterday for ending an Indian take-over of an unused religious estate, which they want to turn into an Indian center, but evacuation was stalled by further demands from the demonstrators.

Robert Bryan, a legal adviser to the Indians, said that talks were planned today about terms under which the estimated 40 armed Menominees would end the seizure that began Jan. 1.

Mr. Bryan said that the Indians wanted assurance of protection as a condition of evacuation.

The National Guard, tightening its 800-man security force around the estate, said that it was working on final details of evacuation. A Guard spokesman said that it has guaranteed safe conduct for the demonstrators who, under the agreement, were to submit to county arrest.

The Alexian Brothers, the Roman Catholic order that owns the estate, had originally offered to sell it to the Indians for \$750,000. But Brother Maurice Wilson, an Alexian negotiator, said that under the agreement, the order would make no specific demand for the estate but expected "a good-faith effort by the Menominees to make fair compensation."

Makarios Reports Talks Stalled

From Wire Dispatches

NICOSIA, Feb. 3.—President Makarios said today that the intercommunal talks on the crisis caused by the Turkish invasion of Cyprus in July were stalled.

He said that no progress had been made since the talks resumed last month.

While he was speaking at a news conference, another meeting of the Greek-Cypriot and Turkish-Cypriot negotiators was held at a hotel here. They discussed reopening Nicosia's airport, closed since July, but "their views continued to be far apart," a report said.

Archbishop Makarios said he believes the United States would find it difficult to justify the continuation of military aid to Turkey after the Wednesday deadline set by Congress.

The archbishop also said he may go to Moscow soon for talks with Soviet leaders. Although he

emphasized that there were "no concrete plans" for such a trip at the present, he said he was having contacts with the Soviet government concerning aid to Cyprus.

Italy Reports 2 Cases Of Political Violence

TURIN, Feb. 3 (UPI)—Arsonists broke into the office of a rightist leader overnight and set it on fire, police said today. They said the fire destroyed furniture and files in the office of Tullio Abelli, vice-secretary of the neo-Fascist Italian Social Movement.

In another political incident, Rome police said they were trying to identify the attackers of a leftist Catholic student, Lucio Brunelli, 23, who was beaten with chains and batons while affixing posters outside Rome University before dawn yesterday. He was seriously injured.

Nicotine Absorbed From Air by Nonsmokers in Urban Life

By Lawrence K. Altman

NEW YORK, Feb. 3 (AP)—A new study says that even if you never smoke a cigarette, according to a British study of nonsmokers that adds further evidence about the risks of smoking to society.

Virtually all urban nonsmokers

Ways Sought To Stamp Out Free Postage

WASHINGTON, Feb. 3 (AP)—The U.S. Postal Service's new policy of returning mail without postage if the sender makes it possible to mail letters free of charge.

The service says that it wishes no serious problem in the loophole "because people basically are honest."

It is concerned enough to have begun studying ways of curbing the regulation to ward those who might try to take advantage of it.

The loophole works this way: If the sender puts his name and address in the center of an unstamped envelope and the intended recipient's name in the upper left corner, the postal service will dutifully return the letter to the intended recipient, marked "return for postage."

The Post Office previously had a policy of collecting postage due from recipients if this was changed according to a spokesman, because administrative costs were too high.

House May Hike Tax-Cut Amount Above Ford Total

WASHINGTON, Feb. 3 (AP)—Rep. Al Ullman, chairman of the tax-writing House Ways and Means Committee, said yesterday that Democrats in Congress may seek a tax cut as large as \$22 billion—\$10 billion larger than President Ford's proposal.

Rep. Ullman, an Oregon Democrat, also sharpened the energy debate with Mr. Ford during a television interview. The President's goal of reducing foreign imports by a million barrels a day is "unrealistic," Rep. Ullman said. He contended that the per-barrel import tariff, which went into effect Saturday, would gravely hurt inflation without producing much conservation.

He would use quotas, rather than import fees, to cut the dependence on foreign oil, Rep. Ullman said, but he would be "willing to reach the million-barrel-a-day reduction over two years."

"We certainly are at loggerheads," he said of the Democratic and Republican positions. "I am still hopeful that we can work something out at the present time. I must say that the Congress must move with its program and if it gets into a confrontation we have to do it."

Mr. Ford's immediate anti-inflation tax program calls for \$1 billion in rebates to individuals on their 1974 income taxes and \$4 billion for corporations, partly through an expansion of the investment credit.

aldheim on Tour

BRUSSELS, Feb. 3 (AP)—United Nations Secretary-General Kurt Waldheim arrived yesterday for a three-week European and Middle East tour.

Ex-Aide Calls Ford Health Policies Bad

By Harold M. Schmeck Jr.

WASHINGTON, Feb. 3 (AP)—Dr. Charles Edwards, who resigned last month as the nation's chief health officer, told the Ford administration in a memorandum that its health policies reflected bad medical judgment and had political motives.

He said that the poor and the unemployed would be hardest hit by the administration's refusal to spend enough on Public Health Service programs.

The complaint was made in a memo to Casper Weinberger, the Secretary of Health, Education and Welfare. Dr. Edwards was assistant secretary for health.

Department sources said the memo, an undated copy of which was obtained by The New York Times, was sent to Mr. Weinberger in early December.

It said that the Office of Management and Budget had flouted Dr. Edwards' judgment on the size and distribution of funding. It said the budget office's final figure was \$485 million less than Dr. Edwards had recommended.

The revised figures cannot be defended in the terms of medical judgment because they continue to do the most damage to the health care for the unemployed and poor and also because they would cripple the very programs designed to bring restraint and rationality into the nation's health-care industry," the memorandum said.

Dr. Edwards' decision to resign to take an executive position in a private firm was made public on Dec. 16.

His criticism of health-funding policy was particularly startling because he had the reputation in the administration of being a "team player"—one who might argue against a policy while it was being debated, but who would do his best to defend it once it was adopted.

"The revised OMB mark is unacceptable," he said in the memorandum. "It represents no substantive response to our appeal. The 'new' figures continue to reflect basic faults of the old and are impossible to defend. In essence, the 'new' mark reflects bad management, bad medical judgment and bad politics."

The statement also questioned an administration decision to shift to the states more responsibility for funding health programs.

"With our rising unemployment and inflation, more people will be in need of these federally supported services and most states will be unable to absorb the cost burden," the memorandum said.

Group Eyes Political Drive For Probe of Kennedy Killing

By John Kifer

BOSTON, Feb. 3 (AP)—Encouraged by the disclosures on Watergate and on the government's domestic spying, researchers and supporters of the theory that a conspiracy produced the assassination of President John Kennedy gathered here this weekend from across the country.

They sought to start a national political movement to reopen the investigation into the slaying of President Kennedy in Dallas on Nov. 22, 1963.

The researchers, some of whom have spent years tracking minute details, reminded audiences at their conference that they had long worked alone and had been called "crazy."

"People used to say, 'Where's your new evidence?'" said Mark Lane, author of "Rush to Judgment," a book critical of the Warren Commission report on the assassination. "I say what's wrong with the old evidence?"

Political Climate

"What's changed in the past 11 years is the political climate of this country," he added. "A Gallup poll shows 78 per cent of the American people don't believe the Warren Commission. What's changed is the political climate—that we can convince members of the Congress, members of the Senate," he added.

The Warren Commission said that Lee Harvey Oswald, acting as a lone, demented assassin, shot and killed the President from a sniper's position. Oswald was gunned down before live television cameras in a police station by Jack Ruby, a strip-club operator and police hanger-on.

The dramatic high point of the conference was the showing of a

"bootleg" copy of what is known as "The Zapruder Film." This is an amateur movie made by Abraham Zapruder, a Dallas dress-maker, which is the only known pictorial record of the moment President Kennedy was shot. The film was purchased by Time Inc. and has never been officially released.

In the film, the President is seen slumping forward in the back seat of his convertible, his hands moving upward toward his neck.

His wife, Jacqueline, is seen moving across Gov. John Connally of Texas, who is sitting slightly forward, reaching for the President.

Groans, Gasps

Suddenly, the President's head and the upper part of his body are snapped violently backward. Blood gushes about his face.

This moment of the film was marked by groans and gasps from the audience packed into an auditorium at Boston University, the conference site.

The assassination researchers contend that the short backward movement shown on the film is at odds with the Warren Commission finding that the President was killed by a bullet fired from the rear.

The conference, sponsored by the Assassination Information Bureau, a group of young people working out of a Cambridge apartment, attracted about 1,000 persons to its program of films, workshops and panel discussions.

What unites the researchers is a strong belief that the Warren report was a "cover-up" that did not tell the truth about the assassination.

Questions were also raised about the slayings of Sen. Robert Kennedy and the Rev. Dr. Martin Luther King Jr. and the attempt on the life of Gov. George Wallace of Alabama. Underlying the questions were various theories of shadowy forces or "fingerings" within American life including, but not limited to, the Central Intelligence Agency.

Thai Democrats Now Trying for Minority Cabinet

BANGKOK, Feb. 3 (UPI)—The leader of the Democratic party announced today that his efforts to form a majority coalition government in Thailand have collapsed. He said he would form a minority cabinet instead.

Seni Pramoj, 68, said he had given up attempts to form a coalition with the Thai National party because it had refused to back down on a demand for complete control of the Interior Ministry.

Mr. Seni said his party, which won 72 of the 269 seats in parliament, would form a government with the Social Agrarian party, which won 19 seats in the Jan. 36 general elections.

He said he would present his government to parliament Thursday for a vote of confidence. He said he expected to win with tacit support from parties that are not interested in joining the coalition. A total of 142 parties competed in the elections, and 21 of them won seats in the house.

Economic Parley Of Third World To Open in Dakar

DAKAR, Senegal, Feb. 3 (UPI)—Government experts today completed arrangements for an economic conference of non-aligned nations from Africa, Latin America and Asia opening here tomorrow.

The chief Algerian delegate, Trade Minister Layaoui Yaker, said upon his arrival that the five-day parley "will be a significant stage in our peoples' historic fight and their right of sovereignty over their natural resources."

President Leopold Senghor of Senegal is to open the conference at 10 a.m. tomorrow. It was called to define new production and sales rules for the noncommitted nations' basic money-earning goods—raw materials whose prices have slumped sharply over the past months.

Veterans Vent Anger at Priest Who Quit U.S. Military Funeral

WOONSOCKET, R.I., Feb. 3 (AP)—Veterans' groups are angered over an incident in which a Catholic priest left a cemetery during funeral services before military taps and rifle salutes.

"A Christian cemetery is a place of peace and I don't think the shooting of guns and playing of taps is peaceful," said the Rev. Richard Desautels, assistant pastor at St. Joseph's Church, here.

The incident occurred Saturday after Father Desautels officiated at a graveside service at St. Jean-Baptiste Cemetery in Bellingham, Mass., for a Woonsocket veteran who had requested military services.

"What he said hurt all of us," said Louis Lamontagne, commander of Amvets Post 7 and a pallbearer at the funeral. "We don't plan to let it go."

"We plan to write a letter to the bishop and tell him we don't condone any priest running down a military funeral," said Harley McGee, head of the Woonsocket United Veterans Council.

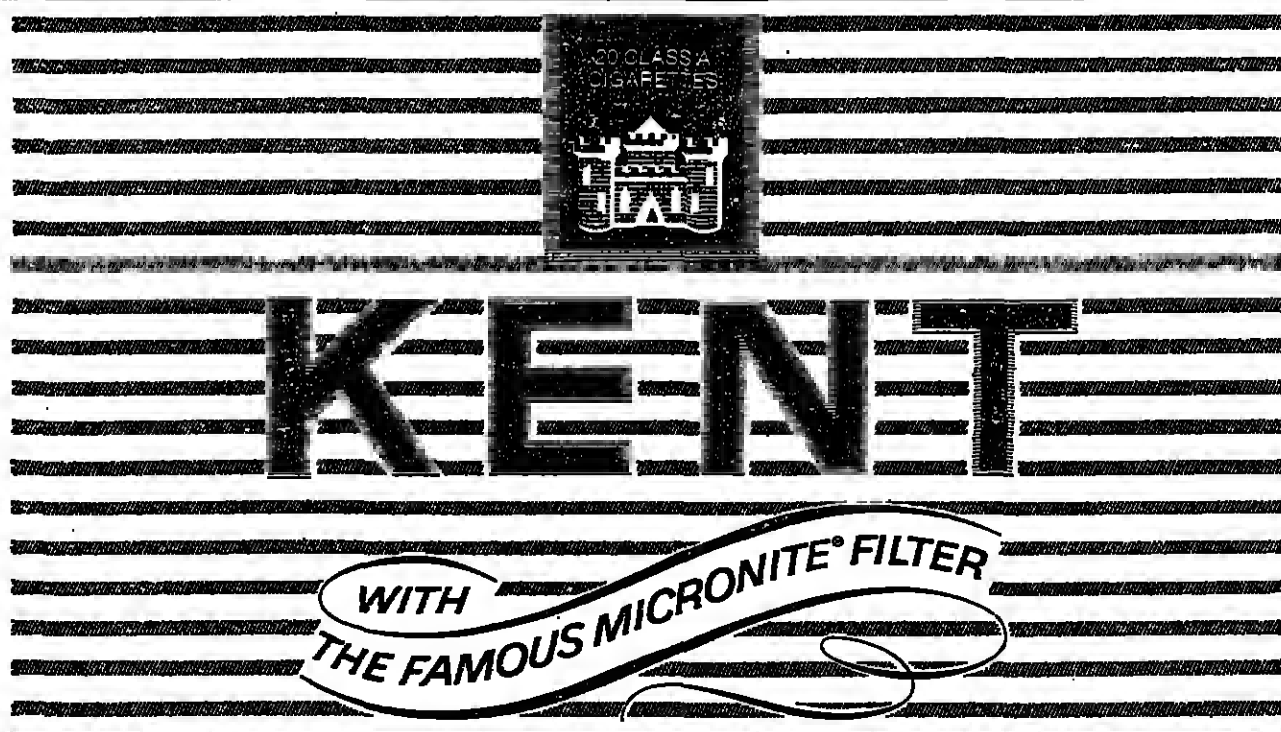
Father Desautels said he would continue to leave graveside services in Christian cemeteries before taps and rifle salutes.

"We try very hard to make some sense out of death. We try to stress peace, life of the resurrection, comfort and support for the family. But all that's destroyed when you have a military funeral. The taps and the firing squad are symbols of death," he said.

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What a good time for the good taste of a Kent.



The Emerging Iranian Empire

With reports of an Iranian military guarantee to Oman, one of the major portents of the global oil crisis becomes clearer. Iran is clearly emerging as a new force—built with oil upon the foundations of one of the world's oldest empires. This phenomenon has cast many shadows before: the speeches of Mohammed Reza Pahlavi, Iran's Shah, and the actions of his government in support of the young military republic of Afghanistan, and of the rebellious Kurds of Iraq, as well as spreading Iranian influence throughout the Persian Gulf, made it clear that Iran would use its new wealth, with new methods, in pursuit of historic goals.

This contains the seeds of conflict. Iraq and Southern Yemen, within the Arab community, are immediately confronted by Iran. The Soviet Union may not be too happy about the development. Pakistan, which has a history of friction with Afghanistan, may also have some problems.

Yet there is a good deal to be said for the extension of Iranian hegemony in an area which is long and intimately connected with the ruling authorities in Tehran. That small nations are essentially peaceful—like Switzerland—is as much a myth as is the unity of the Third World. As the oil-producing states begin to wield the swords which petroleum profits have delivered into their hands, it is well that there should be some guidance, some control, by the more mature among them. The Shah has done much to improve the internal peace and prosperity of his own

land, and unless Iran succumbs to the heady megalomania of new riches and the power that derives from them, the probability is that Iranian leadership will be beneficial to its own region and thus to the world at large.

Much has been said of the effect of oil money on the international economy, and of Arab oil money in particular upon the Middle Eastern situation. But Iran's growth in authority points to another, more distinctly political result. It is one that can be seen in Latin America, where Venezuela is looming ever larger because of its increased wealth. Algeria has seen a similar increase in prestige; Libya has sought, too rapidly, to capitalize on the same assets, coupled with a tendency toward the Islamic jihad.

All of this, of course, has been accompanied by the waning authority of the industrialized West. But it remains to be seen whether oil, and oil money, alone can shape new political destinies in the underdeveloped portions of the world. The oil needs markets, the money needs things to buy, and the ability to use those things appropriately. Armament can be bought, a kind of mechanical slave, but the source of supply remains elsewhere, and the strategy of its employment, rather than the mere fact of its existence, will determine success. Whatever the new order that is being wrought by oil, it cannot claim infallibility.

Weak Dollar or Strong?

The language of finance is full of instances of the pathetic fallacy—the endowment of inanimate objects with human traits. Thus, one day the dollar is said to be weak, the next strong, and on the third to be suffering a sinking spell. This does not mean, however, that the dollar is undergoing some sort of crisis. All it means is that on particular days market forces have pushed the dollar up or down a bit.

Even if one accepts the notion that a reduction in the value of the dollar is a sign of its weakness, and appreciation a sign of its strength—a concept that requires much more careful examination—the mere act of determining whether the dollar has actually risen or declined on a given day is no simple matter. For the dollar is exchanged not only for West German marks—the currency against which its price is conventionally quoted in the market—but in exchange for Canadian dollars, Japanese yen, and the currencies of all other nations with which the United States does business. The Morgan Guaranty Trust Co. has become the quasi-official scorekeeper of the trade-weighted average of the dollar against 14 major currencies; on its chart the dollar is now about 18 per cent below its pre-devaluation level of June, 1970, in its relation to these other currencies.

But, in a world of floating exchange rates, it is an oversimplification to translate that into a sign of weakness for the dollar. It has declined against the mark—or rather, the mark has strengthened against the dollar, as reflected in West Germany's mammoth trade surplus of nearly \$22 billion in the past year. But the dollar has been picking up strength against the Canadian dollar and the Japanese yen, not to mention the near-prostrate Italian lira, which now itself shows some signs of strengthening.

The underlying explanation of the relative rise or decline in the value of a currency is the nation's balance of payments, and the

dollar has lost ground this year in large measure because of the enormous outflow of funds to pay for oil imports. It had been expected that those trade losses would be more than offset by a bigger inflow of petrodollars than has occurred.

Further dollar weakening may lie ahead as a result of the cancellation of big wheat import deals by China and the Soviet Union, which will hurt the United States trade balance. The continuing decline of American interest rates, as a result of the recession and a more liberal U.S. monetary policy, may also cause funds to leave in quest of higher returns elsewhere. Somewhat paradoxically, however, the upsurge in the New York stock market, sparked by lower interest rates, has apparently brought an influx of money from abroad, looking for bargains in equities.

The fundamental weakness or strength of the dollar—that is, its stability over time—will depend on the success of the United States in bringing both inflation and recession under control, and in restoring the liquidity and stability of its financial institutions.

A cheaper dollar now in relation to an average of foreign currencies is no disaster. On the contrary, it should do more to shore up the weakened trade position of the United States than to increase inflation.

In any case, cheaper money and lower interest rates are essential to recovery, even at some cost to the external price of the dollar. Nor is it necessary to court petrodollars, which could always take wing again. But it is essential that the United States and its major trading partners coordinate their fiscal, monetary and interest-rate policies, lest nations accuse one another of playing beggar-thy-neighbor games and start to interfere with the flow of both trade and investment.

THE NEW YORK TIMES.

Thailand's Free Election

Thailand's freest and fairest national election in history has ended with the return of 22 parties to the 239-seat House of Representatives, 12 of them with only one to four seats. The two main blocs of conservative and centrist parties have both fallen about 30 seats short of a like-minded majority.

Difficulty in forming a government now lies ahead with the generals and colonels waiting in the wings ready to restore the kind of military authoritarian rule that prevailed in the four decades between absolute monarchy and the students' revolt of 1973 that brought the present democratic constitution and elections.

Fortunately, Thailand is more socially stable than most nations in the region. Its strong economy appears to be riding through both the world energy crisis and domestic political upheavals with relatively minor damage. Thailand's exports of rice, rubber and tin have increased in price almost enough to balance the increased cost of imported oil. Inflation, at 11 to 12 per cent

over the last year, is less virulent than in other countries, and the general slowing-down of the economy has brought more of a leveling off of production than a decline.

Instead of the natural birth of true democracy, Thailand's promised new era appears headed for prolonged labor and difficult birth pangs. But despite a lack of democratic experience or tradition, Thais seem determined not to return to authoritarianism.

The student radicals who overthrew the military regime have been absorbed in the country's essentially moderate political structure. Trade unions, granted the right to strike, have behaved in restrained fashion for the most part. A moderate interim government has held the country together, supervised the drafting of a new constitution and organized remarkably free and peaceful elections. There is a fair chance that the multiplicity of parties will be outgrown and give way to a stable and democratic political system.

THE NEW YORK TIMES.

In the International Edition

Seventy-Five Years Ago

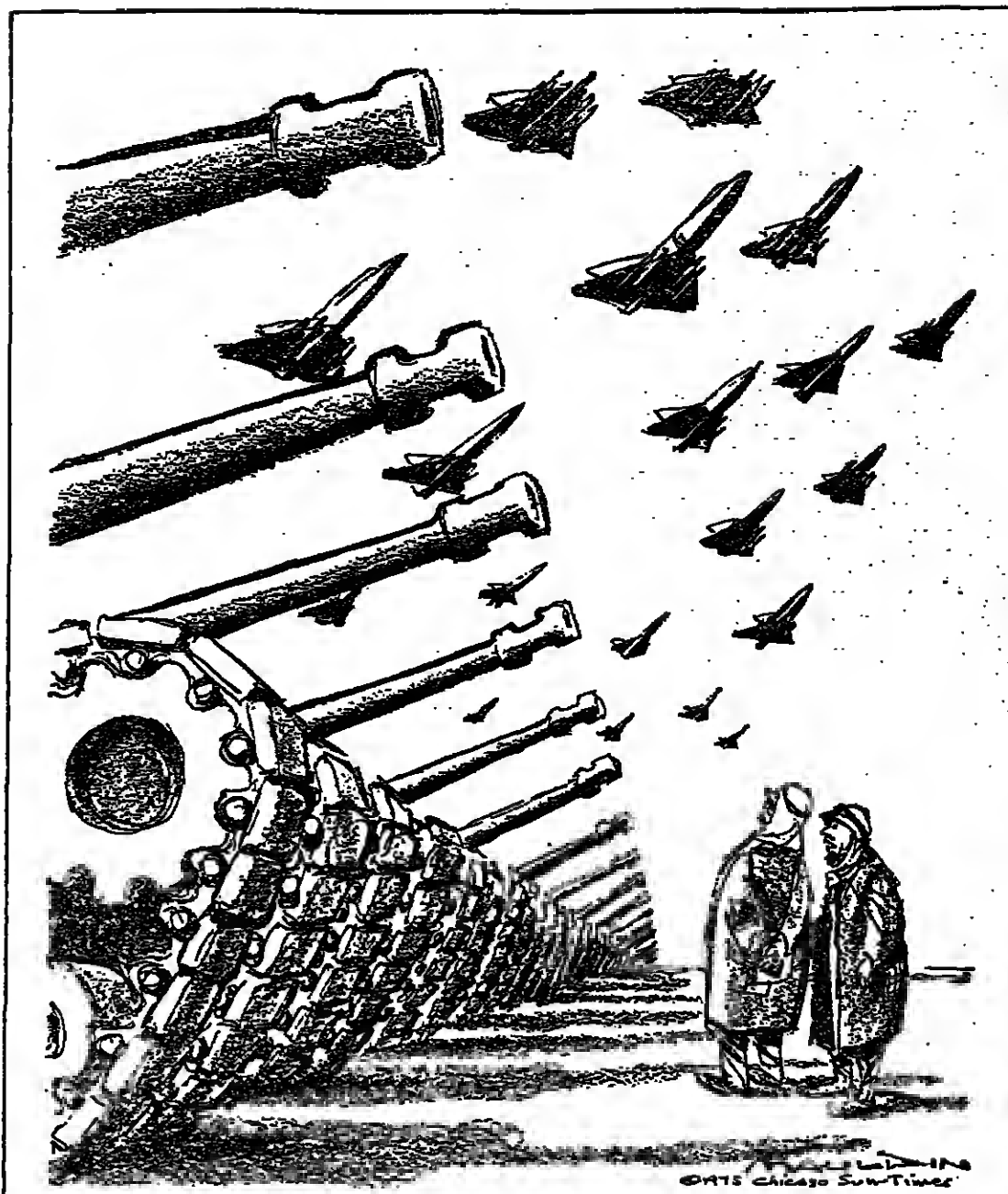
February 4, 1900

NEW YORK—From a donor who wants to keep his identity secret, St. Vincent's Hospital has received as a gift the first automobile-ambulance. In order that it should be a model of its kind, "carte blanche" was given to the makers, and the cost was more than \$3,000. It weighs 4,000 pounds and can run continuously for 14 hours at a speed of nine miles an hour.

Fifty Years Ago

February 4, 1925

NEW YORK—The great trek of the American Negroes back to Africa, via the ships of the Black Ball Line, under the leadership of the most picturesque Negro who has ever turned up in New York, Marcus Garvey, is likely to be postponed for a long, long time. Marcus Garvey is due to go to prison for using the mails to defraud in his stock-selling scheme to raise money for his line.



'I See the King Has Been to the Hardware Store Again.'

Who Lost Vietnam?

By Anthony Lewis

BOSTON—In arguing for continued American involvement in Vietnam, Henry Kissinger for years has stressed the need to avoid political trauma in the United States. If the Saigon government fell after what America had spent in lives and money, he warned, there could be a terrible right-wing reaction in the United States.

Mr. Kissinger has sounded that theme gravely in private since he came to Washington. It has also surfaced occasionally in public. A Nixon speech of Nov. 3, 1969, that he helped to draft warned that "precipitous withdrawal" from Vietnam could lead to "retardation and recrimination" among Americans. The concern seemed natural enough in one who had known the horror of German recrimination at the loss of a war.

Now, however, a curious thing is happening. The warning of a possible right-wing reaction is becoming a threat to create one.

The Blame

That was the unmistakable message as the administration last week started its campaign for more aid to Indochina. The words were carefully orchestrated to imply the threat: If a Democratic Congress refuses to increase aid and Saigon falls, the Democrats will be blamed for "losing Vietnam." First President Ford formally requested \$323 million more in aid for South Vietnam and Cambodia. He told congressional leaders, according to his press secretary, "if the money is not put up, and if in six months there is a disaster, it would be a very traumatic experience for the American people."

Then Nelson Rockefeller took up the theme. He used his first big political speech as Vice-President, to a Republican dinner in New Jersey, to warn that "the fate of South Vietnam is at stake." He said the United States had a commitment to Saigon. "A moral obligation negotiated by the secretary of state, which the Congress authorized." There has in fact been no such congressional action. Rockefeller told reporters that Congress would be responsible if it did not vote the additional aid and the Saigon regime collapsed. Then he said: "If we don't, if the Communists take over and one million people are killed—they are going to be liquidated—I think we ought to know where the responsibility lies."

Crude Tone

The crude tone of Mr. Rockefeller's statement evokes memories of one of the ugliest and most damaging episodes in America's recent political history. That was the effort to blame individual Americans for "losing China" to the Communists. It began with a series of articles by Joseph Alsop, in the Saturday Evening Post in 1950. They were called "Why We Lost China," and they argued that U.S. Foreign Service officers based against Chiang Kai-shek's Nationalist regime and toward the Communists had helped undermine the Nationalists.

The charge of wrong policy was converted by Joe McCarthy and others into one of "treason." Before long the State Department had been purged of those who knew anything about China. For two decades American policy toward China was paralyzed by political fear and ignorance, with tragic consequences for the United States and for Asia.

Henry Kissinger knows as well as anyone the price the United States paid for that shameful adventure in political scapegoating. The greatest single achievement of his six years in office has been the opening to China. He knows that the movement of events in China leading to the People's Republic was beyond the effective control of Americans, and that we only hurt ourselves by pretending otherwise for 20 years.

It would be grotesque irony, therefore, if Kissinger lets his old talk of right-wing recrimination over Vietnam be perverted into a campaign to threaten Congress. That he had an influential role in the first shots of the aid campaign last week is difficult to doubt; the ideas bore his stamp.

In truth, there is no present sign of extremist political danger over Vietnam. Of course Americans will care about what happens there, and they should. But

an overwhelming majority now rejects the notion of a permanent U.S. responsibility for the politics of Saigon. We cannot "lose" Vietnam any more than China, and most Americans know that. In any event, given Kissinger's view of history, his role should be to minimize rather than exacerbate domestic divisions over the issue. That there should be even the beginning of scare tactics is a sign of how far the irrational obsession with Vietnam has gone.

The scare tactics, if they continue, will put a particular responsibility on one Democrat, Sen. Henry Jackson of Washington has such a reputation as an advocate of American military strength that he is invulnerable to charges of softness on Vietnam. He has already indicated deepening doubts about endless aid to Saigon, and he is in a crucial position to help his party resist the pressures of fear.

The Coils of Détente

By William F. Buckley Jr.

NEW YORK—Sen. Jackson is in dispute because of the refusal of the Soviet Union to accept American economic credits. Indeed, Sen. Jackson and his colleagues were publicly scolded by President Ford when he delivered the State of the Union address a few days after the Kremlin had announced that it could not be expected to be forced into the indignity of observing human rights for mere money. No, it would take a great deal more than that to force a proud leadership to renounce its principled opposition to human freedom.

Mr. Kissinger of course joined President Ford in lamenting the turn of events, and one can, in a purely technical sense, understand, and even sympathize with, a Secretary of State who is trying to negotiate with a foreign power and finds himself saddled with extrinsic considerations by Congress. Because they are, of course, extrinsic: that is to say, a Soviet respect for human rights is not an aspect of détente in any formal philosophical sense. Winston Churchill said he would make a pact with the devil to accomplish his objective (the defeat of Hitler) and proceeded to do so. Willy Brandt said that human rights in the Soviet Union had nothing whatever to do with his policy of Ostpolitik.

What Mr. Kissinger has not

commented on is the failure of détente in Indochina, for instance. What is happening in Indochina is that the Soviet Union and the People's Republic of China have been stoking an already voracious North Vietnamese Communist appetite for taking over South Vietnam with military hardware on a huge scale. Peace in Vietnam was held up as the first fruit of détente. And, for a flickering moment, Peace in Vietnam was understood as meaning peace in Vietnam. Presently, the Orwellian meaning of the phrase became clear. It meant: American military withdrawal from Vietnam, and quite literally nothing else. If I were one of those people who are all too ready to excuse to label Westerners as "realists," I would use the Nobel Committee as a prime exhibit. The Nobel prize awarded a Peace Prize to Mr. Kissinger and Le Duc Tho for staunching the flow of WASP blood in South Vietnam. Gooks don't count. They continue to be slaughtered at the conventional rate. And Mr. Kissinger's diplomacy proves helpless in stopping the flow of arms that makes this possible.

So Congress stepped between Mr. Kissinger and the Russians and insisted that economic concessions to the Soviet Union could not be made unless the Soviet Union permitted free emigration. But the integrity of this humanitarian impulse on the part of Congress is suddenly clouded as Congress sits by refusing to appropriate the dollars necessary to help the South Vietnamese resist the advancing Communists. Moreover, unlike the Russian situation, it was established American policy to help South Vietnam defend itself against the Communists.

Congress, out in half the pledged military appropriations to the South Vietnamese, and in doing so accomplished more than the depletion of the South's military reserves. It has gone a long way to accomplish the demoralization of the South Vietnamese, who find that they were leaning on so slender a reed as the word of the United States.

Meanwhile, no doubt, Israeli strategists observe Congress insufficiently prepared to deliver South Vietnam to the North

Peter Lennon From London:

He has never ceased to snipe

at the royal family...

particularly when they

come, 'crown in hand,'

looking for more money.

LONDON—Although the British royal family has in recent years lost something of its status as a sort of domestic holy family, the slightest criticism of whom was considered impious, there still seems to be a deep, atavistic uneasiness about any kind of serious prying into the true nature of their relationship to the people. This would include a decided reluctance to look into their financial affairs.

The respectful distance preserved by most Britons, and almost all politicians, springs both from romantic admiration of "royals" and an apprehension that the royal family is supposed to keep heavily aloft might come toppling down if anyone fogged their elbow. The remnants they balance for the nation are: an emblem of continuity; a focus of unity; a symbol which stands above all class animosities, and a guarantee of respect for the rule of law.

Rubbish, says Willie Hamilton, MP, and he has just had a book published that Queen and I, which attempts in irreverent detail to demolish all these myths.

A Challenge

Hamilton, Labor MP for the coal mining area of West Fife, challenges the view that British society derives its "stability, happiness, and unity—such as they are—from the top downwards." In an open letter to the Queen, he offers the opinion that the royal household is "little more than the tip of the social heap; the pinnacle of the British pecking-order."

His theory is that the story of British democracy has been a struggle of "wealth and privilege against poverty and deprivation" and that the royal family gives "an aura of respectability to a class society such as ours, still based on inherited wealth, privilege and the power that goes with it."

Although he excites considerable animosity, Willie Hamilton cannot be dismissed as an unrepentant polemicist or a haggard anarchist. He is a highly respected and when he is not going on about the royals—a very well-liked member of Parliament with a strong record of work for old age pensioners, underpaid nurses and women's rights. He is also notoriously anti-Communist, so he can't be chastised with that stick.

He took his first swipe at

royalty just 25 years ago, during his early months in Parliament when he objected to a \$14,000 allowance granted to Princess Margaret. Since then he has never ceased to harass and snipe at the royal family when they have improved their palaces, or dined on caviar, or been seen in the park by the British Navy. As particularly when they come, 'crown in hand,' looking for more money. As champions of blood sports themselves, the Windsors must occasionally have the disconcerting feeling that they, generally in the role of masters of the hounds, are being harried by a fox.

Hamilton is quite foxy, particularly in his attempts to breed the "respectable" respect of the Queen's private fortune with the object of making her pay less.

It would take a secret monarchist to be thrilled by the fact that Hamilton sometimes refers publicly to the Queen as "Bunny" but it was startling to hear him refer to Princess Margaret as "an expensive kept woman." Kept by the taxpayer. This he reportedly put Lord Snowdon in the position of having to protest "That was no kept woman—that was my wife." Last week Lord Snowdon tried to have the book stopped. But Mr. Snowdon, who is one colleague put it, "often very funny, but rarely funny." Hamilton got a lot of short-shrift of pestering a wary Buckingham Palace press office to explain just what some of the more gaudy flunkies at the palace do for living. The Clerk of the Cheque and the Adjutant, for example. The Harbinger, the Extra Gentleman Usher, the Bargemaster and the Clerk of the Clocks.

But it is when he gets down to finances that Hamilton is most devastating and his connection with the royal family most real. In 1972 Hamilton became a member of the House of Commons Select Committee which looked into a request for an increase in royal annual grant. There was some speculation by Hamilton was put on the committee to shut him up since, like most British parliamentary select committees, this was confidential. If that was the object it did not work.

When what was officially called "Her Majesty's Most Gracious Message" arrived at the House of Commons and was translated as a wish for an annual income of \$1.1 million, he raised it to \$2.3 million. He hefty increases for the rest of the family, Hamilton describes it as "the most insensitive and brazen pay claim made in the last 300 years."

But a proposal that all royal expenditure should become the object of regular debate in the House was turned down, and the Queen got her money. Hamilton produced a dissenting minority report and burrowed deeply into royal fortunes.

The press secretary of the palace, in writing to the Times has suggested that the Queen's private fortune might be in the region of about \$5 million; Hamilton claimed it would be more realistic to begin at a figure around \$250 million. (While the royal allowance is taxed, the private income is not.)

In his book he sketches a sketch of the building up of the modern royal private fortune from the days of Victoria and Albert Albert's third son, Lord Alford, who got her money. Hamilton looked up, out of reach of the servants. When he died, Victoria became a "lonely hoarding reclusive." The present Queen, Hamilton claims, is a "shrewd, calculating business woman." Over the years the value of the Duchy of Cornwall, owned tax free by the Queen, has grown up by millions of dollars. Charles donated his navy pay to a military charity organization, but Hamilton says it was no hardship since he can draw on known personal property worth at least \$4 million.

Contemplating the Alford cave of treasures on the royal estate, Hamilton has the ambition of seeing that one more man received at Buckingham Palace the tax man.



SLALOM OF SORTS—Russian boy slides down snowy hillside on homemade sled.

Notes From Moscow

Tempo Picks Up After Unseasonal Thaw

By Robert C. Toth

MOSCOW, Feb. 3.—The unseasonal thaw is over here. Snow and temperatures are again falling, and the huge sign on Gorki Street can advertise "Russian Winter Holidays" with Father Frost on a troika-pulled sled, without laughter from passersby. Skaters are again cruising down the broad walks of Leningrad Park, which are flooded to create skating lanes. Cross-country skiers rowed subways en route to the suburbs. Children drag sleds toward favored slopes.

Even during the warm spell the little old ladies who tend Moscow parks sprinkled water on the ice slides—worn paths that in down gentle knolls—and with the overnight freeze there were again fast 20-yard slides for anyone by morning.

Outside the parks, too, the tempo of Moscow life picks up with the cold weather. Bundled pedestrians stride on the crisp snow at their normal brisk pace without risk of overheating, and fretting old women return to their never-ending quest for children without hats.

"Don't you know you lose 90 per cent of your body heat through the head in winter?" demands a grandmotherly type with statistics none dare challenge.

Russians are used to such well-meaning "boobyisms," and after a while, so are foreigners. There is a naturalness about the instructions. To the old women, the "traditional village culture" of strong family ties has carried over to modern urban living.

Russia Sentences Baptist Dissident

MOSCOW, Feb. 3 (AP).—A leading dissident Baptist leader, Georgi Vins, has been sentenced in Kiev to five years in prison and another five in exile, civil rights activist Andrei Sakharov reported yesterday.

Mr. Sakharov said that Mr. Vins was convicted Friday after a five-day trial on charges that he damaged the interests of Soviet citizens under a pretext of religious activity. Mr. Vins was secretary of a Baptist organization which broke away from the officially recognized Baptist Church.

Mr. Vins, the son of an American-educated Baptist pastor who was sentenced to a labor camp during Stalin's rule, was not represented by an attorney at his trial, Mr. Sakharov said. The defendant reportedly rejected a Soviet court-appointed lawyer on the ground that an atheist was not competent to handle a case involving religious matters.

Castro's Example and U.S. Embargo Help to Unify Cubans

(Continued from Page 1) Pected to schedule at least an occasional Sunday for cutting sugarcane or building a school. Fidel Castro's personal form of leadership helps to give Cubans a feeling of participation. He travels from one end of Cuba to the other making speeches, visiting factories and farms and joining in any basketball games he comes across. His speeches are the best sources of information about what is going on in Cuba, with more facts and statistics than the daily newspapers.

From Mr. Castro on down, many Cubans appear to have a genuine feeling that the products of all work must be shared by all. Many Cubans explained the system of rationing food and clothing by saying that it would not be right for some families to have more to eat than others.

Sharing the Wealth This principle of sharing the available wealth has made Cuba the most egalitarian society in the hemisphere. The absence of extreme poverty is impressive in comparison with the rest of Latin America, but even more so is the absence of wealth.

There are still elegant restaurants with white-coated waiters, but the customers are just as likely to be construction workers as cabinet ministers. No tips are permitted, and the customers are waited on methodically, in the order of their arrival.

All Cubans, including the most recalcitrant nonconformists, are provided with housing, food,

Everyone is a relative or a neighbor. Sharing is another residue of the pastoral past. It remains a tradition here that a man smoking in the street cannot refuse a stranger's request for a cigarette. And "strangers go first" into restaurants, ahead of long queues of Russians.

Curiosity is another strong trait. Particularly fascinating are Western things. The same questions are put to a driver of an American car so often that he wants to record the answers on a tape and just play it back—the cost, speed, number of cylinders and so on.

But curiosity stops when it comes to politics, and the well-known Russian passiveness—a general disinterest in news—takes over. The people daily walk past heroic posters of Socialist realism without noticing them. "Part of the landscape," said one man.

Soviet Pop Art

A couple of avant-garde artists here are trying to do to the posters what Andy Warhol did to the Campbell tomato soup can during the pop-art heyday. A decade ago—frame it, so people will notice how pervasive it is in their lives.

"Your mass culture is things, which you overproduce," explained Alexander Malamud. "Ours is ideology, which we overproduce. Vitali Komar and I want to point out this reality of our society."

So they paint a girl in gym clothes poised to leap to new heights of achievement, and a mother holding up her child to the Communist future—the figures outlined in white in mimicry of the posters—or a head of Mr. Malamud's father in the jutting, jaw style of ubiquitous Lenin portraits.

For their efforts the two men have been expelled from their artists' union "for disturbing Socialist realism," Mr. Malamud said. Given the passiveness, penetrating ideology, censorship and police control in this society, it is surprising that an opposition exists, even as fragmented and powerless as it is. One is almost tempted to believe that 98 or 99 per cent of the people really do vote for the party candidate, as is officially claimed.

100-Per-Centures

But authorities demand 100-per-cent unanimity, judging from the surveillance and harassment of the few dissidents. Police overkill often produces amusing incidents.

A dissident (according to physicist Andrei Sakharov) found a bug in his apartment and, being a scientist, was curious about how it worked. He opened it and found inside its key part, which he removed.

Thousands of Cubans are political prisoners, and little is known about their lives. Several years ago, Mr. Castro said there were 20,000 political prisoners. Some exile groups say there are 60,000.

There is also a new foreign influence. The Russians are not as obtrusive as Americans are in many Latin American countries, but their presence cannot be ignored. Sources in Washington estimate that there are 5,000 Soviet military advisers and civilian technicians here.

The Soviet and East European advisers—"foreign technicians"—live in separate, reportedly modest apartment houses. They buy food and clothes at a special "diplomat store," which has a better selection of goods than the Cuban stores. Their children go to special schools.

There is also a seemingly endless flow of political celebrities, trade missions and artistic groups visiting Cuba. During my stay, Havana was visited by trade mis-

The KGB phoned the next day and asked for the part back. "It is very expensive and costs foreign currency to replace," he was told. Looking at it again, he found it was American made. The fetish for secrecy here recalls the McCarthy era in the United States, when newly employed government scientists were not allowed to read what they had just written. Their memos were stamped secret, and they had not yet been cleared to that level.

Here the fetish is maps. Virtually no Soviet map is to scale, and some are distorted beyond usefulness, presumably to confuse a future invader. Westerners in Moscow only use American-made maps of Moscow.

A few years ago Moscow University's geography department got authority to use some foreign currency and bought maps of the Soviet Union from Canada and the United States.

Stamped Secret

"Within three weeks they were stamped secret and taken from us," recalled Alexander Lunin. He joined the American in laughter but then added, "It is a funny story perhaps, but it is not a joke."

Every week, on average, the Soviet penchant for secrecy is paraded down the main road of the city about midnight. The latest Soviet military aircraft, shrouded in canvas, are trucked past or, for the larger ones, pulled along on their own wheels.

As they approach a sudden hush falls, because all traffic has stopped. Military attachés with apartments overlooking the route scurry for their cameras which, with infrared film, easily identify the planes.

The mystery is where these "midnight skulkers" come from and where they go. Sometimes they head east, other times west. The supposition is that the factory is at one end of town, the airfield at the other. The planes go to the field to fly and back to the factory for maintenance. But that is only supposition.

"The quickest way to get thrown out of this country is to try to follow them," said a Western military man.

© Los Angeles Times

Airliner Speed Mark

LONDON, Feb. 3 (AP).—A Trans World Airlines jumbo jet claimed a speed record for a flight from Los Angeles after it landed at London's Heathrow Airport today with 196 passengers and a crew of 15. The plane took 8 hours, 54 minutes for the 5,458-mile flight, an average speed of 662.25 miles per hour, TWA said.

No Hurry on U.S. Ties

The Cubans appear to feel a special kinship with visitors from other developing countries, especially those considered fellow victims of "Yankee imperialism."

Every bomb that fell on Vietnam fell in the hearts of the Cuban people," said a middle-aged writer.

Esther Lopez, the technical-school teacher, said she would be interested in renewing relations with the United States only when Washington "ends all its aggression, not only against Cuba

Obituaries

Om Kalthoum, Singing Idol For Decades in Arab World

CAIRO, Feb. 3.—Om Kalthoum, the Arab world's singing idol of the Middle East, died today, the Middle East News Agency reported. Miss Kalthoum, whose age was never revealed but who was believed to be more than 70, died after being in a coma for five days following a brain hemorrhage.

She was the undisputed queen of song in her homeland, Egypt, and the rest of the Arab world for nearly half a century. From a poor peasant girl who sang at village weddings and religious festivals, she rose to stardom in the early 1920s after moving to Cairo.

In 1935, she began giving monthly concerts that were sponsored and broadcast live by Cairo Radio, a performance that continued almost without interruption until early 1972 when she developed kidney trouble.

The concerts were a national ritual. Tickets sold on the black market for six or seven times their price. But outside the theater where she performed, millions of fans clustered around radios at home or at small coffee shops to listen to the woman they fondly named "Star of the Orient."

Until the mid-1960s she sang three songs lasting one to two hours apiece at each concert. Her repertoire included nearly 400 songs. The majority were love songs in colloquial and classical Arabic, but she also featured nationalist and religious songs.

A millionaire, Miss Kalthoum lived in a rose-colored mansion beside the River Nile in Cairo. She was the favorite singer of the late President Gamal Abdel Nasser and was given the title of People's Artist by President Anwar Sadat.

A prominent Egyptian journalist once said a single nationalist song by Miss Kalthoum was "more powerful and effective than a hundred fiery editorials by the best Arab writers."

Music experts said her greatness lay in the haunting tone quality and latitude of her strong, deep voice, her ability to sing smoothly all along the scale, from her highest to her lowest pitch, and her perfect articulation gained from childhood recitals of verses from the Koran.

She was born at the Nile Delta village of Tamayel-Zahara, near Mansura. She owed the discovery of her voice to her father, himself an itinerant singer. He took his daughter along to perform before she was 10 years old. He dressed her as a boy at first in deference to the tradition against girls singing in public.

As a star, she netted about \$5,000 per concert until she retired in 1972. She received a reported \$34,000 for two recitals at the Olympia music hall in Paris in 1968.

The brain hemorrhage she suffered on Thursday followed a slight improvement in her acute



Om Kalthoum in 1967.

and later joined the Dominion Archives. While with the archives, first after retirement, he wrote a number of historical books and received awards for nonfiction from Canada, the United States and France. He was made a Chevalier of the Legion of Honor by France in 1950 and later a member of the Order of Canada.

Dr. Howard Brown

NEW YORK, Feb. 3 (NYT).—Dr. Howard Brown, 50, New York City's first health services administrator during Mayor John Lindsay's term, died Saturday of a heart ailment at his home here.

In October, 1973, Dr. Brown made news when he announced that he was a homosexual, hoping in this way to end the prejudices that homosexuals faced in obtaining jobs. In the same month, he helped found the National Gay Task Force, a civil-rights group for homosexuals.

He spent 17 months, beginning in mid-1966, as health services administrator. In 1968, Dr. Brown became director of community medicine for Fordham Hospital. At his death, he held professorships at New York University's School of Public Administration and at its School of Medicine.

Richard Wattis

LONDON, Feb. 3 (NYT).—Richard Wattis, 62, a British character actor who appeared in more than 100 films, died of a heart attack on Saturday.

After stage experience, he appeared in his first film, "A Yank at Oxford," in 1938. Most of his subsequent film appearances came in low-budget British comedies. Among his other films were "I Am a Camera," "The Prince and the Showgirl" and "The V.I.P.s."

Alden Hatch

SARASOTA, Fla., Feb. 3 (AP).—Biographer and historian Alden Hatch, 76, who wrote more than 40 books chronicling the lives of famous personalities from presidents to sports figures, died Saturday at his home here following a brief illness.

Mr. Hatch, whose last published book was "Buckminster Fuller: At Home in the Universe," was working on a biography of Majorie Merriweather Post at the time of his death.

But there has been no praise from the aristocracy. Montmorency maintained that she "rarely uses the title, but I cannot prevent my friends from doing so. In any case, if the President of the republic invites me to the Elysée, I will insist on my rank."

As for the Prince Armand-Louis de Polignac, he swore that "this demographic decision will certainly not change our habits and we'll continue to have ourselves called by our titles in the better embassies."

The Marquis Michel de Saint-Pierre, while professing that his relations with the government were "excellent," nonetheless denounced the change as a "backward snobbery and affected to boot."

Comte Philippe de La Fayette, whose famous ancestor played a role in both the American and French Revolutions, noted that titles were abolished the night of Aug. 4, 1789, in theory.

Within a Month

Russia, Syria Issue Demand For Geneva Talks to Resume

CAIRO, Feb. 3 (UPI).—Soviet Foreign Minister Andrei Gromyko, with Syria's concurrence, today called for a resumption of the Geneva Arab-Israeli peace conference, which is opposed by Egypt until U.S. peace efforts are given time to succeed.

Mr. Gromyko made his statement when he arrived in Cairo from Damascus to start a two-day visit to Egypt and to hold talks with President Anwar Sadat.

"The Soviet Union maintains that the only guaranteed way to a durable peace in the Middle East is complete liberation of all Arab territories occupied by Israel in 1967, attaining the legitimate rights of the Arab people of Palestine to self-determination and the establishment of its national authority, and the speedy resumption of the Middle East peace conference at Geneva to consider all the issues relating to a settlement in the area," Mr. Gromyko said in his arrival statement.

Repeatedly Rejected

The Soviet Minister's first two points—an Israeli withdrawal to pre-1967 borders and the creation of a Palestinian state—are demands that Israel has repeatedly said it would not accept in any Middle East peace settlement.

His call for a speedy resumption of the Geneva talks is opposed by Mr. Sadat, who has said he wants to give Secretary of State Henry Kissinger a chance to negotiate a further Arab-Israeli troop disengagement before going to Geneva, where Soviet participation could wreck the American initiative.

At the end of a two-hour talk with Egyptian Foreign Minister Ismail Fahmy, Mr. Gromyko told newsmen, "We reviewed some outstanding problems in bilateral relations and concentrated on the Middle East situation."

In Damascus, a joint Syrian-Soviet communiqué issued at the end of Mr. Gromyko's two-day visit there said that the Geneva conference should be convened within a month, at the latest. It also restated the Arab position that the Palestine Liberation Organization must be represented at the conference.

The communiqué said that Syria "affirmed its stand which calls for the participation of the Soviet Union in all phases and spheres relating to Middle East peace negotiations."

New Protocols

The International Committee of the Red Cross, guardian of the conventions on prisoners and civilians, has drafted two additional protocols aimed at improving the protection of victims of declared wars and undeclared conflicts like the Vietnam fighting.

The increased sophistication of weapons and the deployment of smarter military units have made it more difficult to distinguish between military and civilian targets, the Red Cross declared. As a result, civilians are suffering more and more in times of war, it said.

As well as wanting to add to the four 1949 conventions, the Red Cross has asked the participating countries at the conference to agree on the banning of weapons "which cause unnecessary suffering."

These include napalm and fragmentation bombs, which are being used increasingly, with civilians suffering as much as armed forces.

The conference lasts until April 18 but the Red Cross does not expect final agreement this year. There will probably have to be a session in 1976, officials said.

Invitation to PLO

VIENNA, Feb. 3 (UPI).—A UN spokesman said today that the PLO has been invited to attend a legal conference that opens here tomorrow.

The conference has been called to draw up a convention on the status and functions of government missions and delegations to international organizations.

The spokesman said the invitation to the PLO was automatic, in line with the UN decision to invite recognized liberation movements to conferences.

Communists Hint At French Split

PARIS, Feb. 3 (Reuters).—The French Communist party today broadly hinted at the possibility of breaking its alliance with the Socialist party.

A Politburo member, René Audier, in an editorial in the Communist party newspaper, l'Humanité, said the weekend Socialist party congress at Pau, in southwest France, showed "the need for the autonomous existence and action of our party."

It was the first clear hint of an eventual breakup of the three-year-old leftist alliance that nearly won Socialist party leader François Mitterrand the presidency in last year's election.

The Socialist congress barred from the party leadership a leftist minority faction that wanted to make concessions to the Communists in the interests of leftist unity.

Giscard Move Rankles Holders of Titles

By Jonathan C. Randal

PARIS, Feb. 3 (WP).—President Valéry Giscard d'Estaing's latest decision in his campaign to simplify French customs—the ending of using titles at the Elysée Palace—has drawn criticism from some of France's aristocratic families.

The President exempted from his ukase only kings and queens, because of their institutional roles, and the royalist and imperial pretenders to the French throne.

France Napoleon will not be demoted to Monsieur Napoleon, largely because such a change sounds ridiculous to French ears. And not even the most rabid anti-royalist would reduce the Comte de Paris to Monsieur de Paris

but against all the countries in the world."

But many Cubans said they believed that most Americans sympathized with the Cuban revolution and opposed Washington's policy of isolating the Castro government.

If the Cuban government is interested in a resumption of ties, it is keeping fairly quiet about it. Recent government statements have shown no urgency to make contact with Washington.

"What's our hurry?" Mr. Castro asked rhetorically recently. "Why should we be impatient, when now, more than ever before, our country is advancing in spite of the blockade, when all our projects are planned taking the blockade into account?"

since that is the title formerly used for the chief Paris executioner.

But there has been no praise from the aristocracy. Montmorency maintained that she "rarely uses the title, but I cannot prevent my friends from doing so. In any case, if the President of the republic invites me to the Elysée, I will insist on my rank."

As for the Prince Armand-Louis de Polignac, he swore that "this demographic decision will certainly not change our habits and we'll continue to have ourselves called by our titles in the better embassies."

The Marquis Michel de Saint-Pierre, while professing that his relations with the government were "excellent," nonetheless denounced the change as a "backward snobbery and affected to boot."

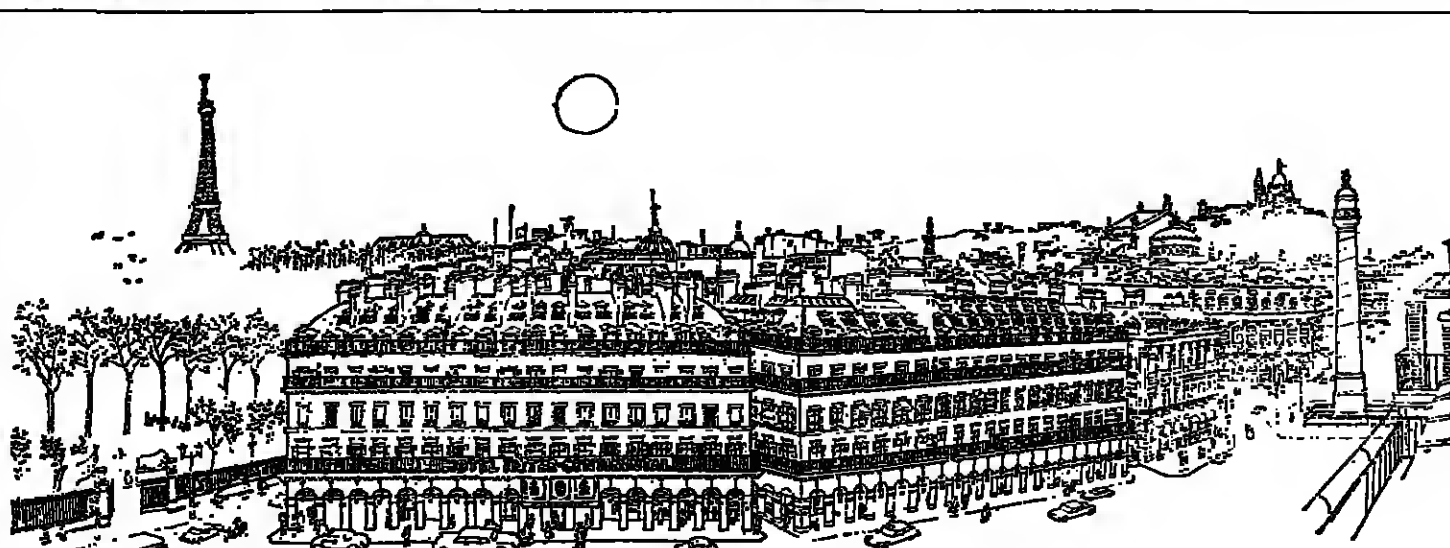
Comte Philippe de La Fayette, whose famous ancestor played a role in both the American and French Revolutions, noted that titles were abolished the night of Aug. 4, 1789, in theory.

But it was the Vicomte de la Panouse who let the President have it right where it hurts.

"This makes me laugh," he said, for the President has no right to the aristocratic "de" in his name. "He's doing his little 1789 number. To carry this to the logical conclusion, the President should call his guests by their first names, as in the Middle Ages, and he should abandon his d'Elysée."

The President's claims to be descended from King Louis XV and from Admiral d'Elysée, a hero of the American Revolution, have been questioned by public and press alike.

Indeed, it was only in 1923 that the President's father was allowed to add the aristocratic d'Elysée to his common garden-variety name. By administrative decision after initial opposition from a noble family foiled a similar endeavor.



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CARNIVAL—With Mardi Gras a week away, the annual Nice carnival is in full swing. Here, during opening ceremonies Sunday, a Japanese contingent takes part in the traditional parade.

The New-Look Generation in Paris Salesrooms

By Souten Melikian

PARIS (UPI)—Until recently, Balzac would have felt at home at most Paris auctions. Admittedly, the Hôtel Drouot did not open for business until a few years after his death—but its methods, customs and traditions are Balzacian. And many Parisian auctioneers, with a change of clothes, might have stepped straight out of "The Human Comedy."

In the past few years, the auctioneers themselves, at least some of them, seem to have been shedding their 19th-century methods. First came the "defection" of Philippe Rheims, a millionaire in his own right who married a Rothschild. A successful auctioneer, he tossed up his profession to become a consultant to would-be sellers, advising them where they could most profitably dispose of their art. Rheims' move touched off considerable controversy among his

former colleagues. His contacts, his expertise, his salesroom connections, they thought, could only harm the close-knit world of the Paris salesroom now that he was on the "other" side. Soon, however, they realized that Rheims might be a formidable ally if they were willing to meet him halfway. Which they soon did, adopting, in the process, some of his methods.

Then along came Jean-Claude Binoche, a young man of considerable wealth, who almost single-handedly rammed avant-garde art down French throats in a style more typical of New York than Paris.

Another Maverick

Binoche has had his ups and downs but he has also had an impact on French salesrooms. Two years ago he got into trouble with the body governing auctioneers about sales scheduling and about advertising. In this country, if you are an auctioneer, you are not supposed to tout your own abilities—although it is not always easy to determine when the advertising stops and the tooting begins. Binoche weathered this storm and plans more tout-Paris, avant-garde sales this spring.

Another young maverick has now surfaced. He is Gilles Nérét-Minet, 29, the son of a well-known real estate promoter, with plenty of money of his own. His background is unorthodox for an auctioneer. He spurned legal studies for art and archaeology. Some no doubt feel that he got into the business by the wrong door.

In 1971, he joined the Binoche group as a senior clerk, just before Binoche held his first contemporary sales. Early in 1972, when Binoche was having problems with his colleagues, Nérét-Minet decided to move on. He felt that his career might be endangered—he was not, after all, yet a full-fledged auctioneer. He

went to work for Philippe Rheims.

It should be recalled that while the Chambre des Commissaires-Priseurs does not appoint auctioneers, it has considerable control over the profession and can, in fact, keep candidates out. Newcomers buy their way in, taking over the "practice" of a retiring auctioneer or becoming a partner in an established firm. This was the course that Nérét-Minet followed, paying 400,000 francs to join the Albist group. Nérét-Minet's switch from Binoche to Rheims could only have been regarded, by his stiffer seniors, as leaping from the frying pan into the fire. But the young man was impervious to criticism, using his time with Rheims to learn all he could about sellers and about modern art with which he feels particularly affinity. Finally, he took the one-year course that prospective auctioneers are supposed to complete, passed the examination and paid his money to buy a partnership, becoming, in July, 1974, "Maître" Gilles Nérét-Minet, a full-fledged auctioneer.

What happens when such an auctioneer, equipped with a sense of fun and an ardent desire to stir things up, bursts onto the scene?

A Sale

Not much, judging by a sale on Wednesday. It was one of those usually stuffy, mixed-bag affairs with a few treasures scattered in with the junk. Nérét-Minet insisted on keeping the treasures apart to the evident distaste of flea-market peddlers and small-time dealers. "All together," they yelled, as he laid out the block some charming, Napoleon III knickknacks. Professionals always get a better deal when objects are lumped together—private buyers are not usually attracted to grab bags. But Nérét-Minet stuck to his guns, extracting the right prices for most of the objects.

Coin Auction

Nérét-Minet believes in specialization and expertise. Last week he conducted a sale of rare coins from Greek and Roman times and from the Islamic Near East. The catalogue was well printed with good illustrations, having estimates under each entry—a good idea in numismatics where prices can be estimated with considerable precision.

The sale went very well. The auctioneer had done his job carefully, dispatching the catalogue to potential buyers. There was an interesting response from the provinces, several coins being bought by collectors outside Paris. An unidentified investment firm acquired three lots, showing that the right people had been reached, people far beyond the usual Hôtel Drouot circle.

But is this sort of sale, specialized or not, going to keep Nérét-Minet happy for long? Right now, he has no real choice. But he is looking forward to a modern painting sale in late April and another in October. It will be interesting to see how he handles them as his enthusiasm for things modern is mitigated by natural caution. Binoche is highly organized and a born gambler. Nérét-Minet is less organized but he is no gambler.

As for change in the French art market system, he would like to see a drop in auction fees. He is sorry that negotiations between the auctioneers and the Ministry of Justice broke down—there had been an attempt (on the part of the government) to reduce the present 16-per-cent fee to 10 per cent, by cutting both the state's share (now 7 per cent) and that of the auctioneers. But the auctioneers said no thanks, their overhead would not permit a cutback.

Nérét-Minet would also favor a system under which the buyer would pay what he bid—not what he bid plus all sorts of complicated percentages. But he is strongly against a proposal that short-term profits on works of art should be taxed. "It would simply kill the market," he said.

What the young Turks seem to be bringing to the French salesroom is less a radical break with the past than a fresh, unconventional, almost brash approach that, while it may startle their senior colleagues, is still reminiscent of Rastignac, et al.

ON THE ARTS AGENDA

The British Museum has organized a series of four lectures to coincide with its exhibition of Michelangelo drawings, commemorating the 500th anniversary of the artist's birth. On Feb. 12, Sir John Pope-Hennessy, the museum director, will speak on "Michelangelo: The Man and the Myth," followed by Michael Hirst on "Michelangelo's Use of Drawing" on Feb. 19, Nicholas Turner on the artist's influence on depiction of the human figure, on March 5, and Francis Haskell with "Michelangelo and J. A. Symonds—A Victorian Viewpoint," on March 12. All the lectures are at 6 p.m. The exhibition, including 53 drawings by Michelangelo from the Ashmolean Museum, Oxford, will run from Feb. 7 to April 30 in the British Museum's Prints and Drawings Gallery.

Paying Tribute to Fritz Kreisler

By Henry Pleasants

LONDON, Feb. 3 (UPI)—The centenary of Fritz Kreisler's birthday was yesterday, and both the London Symphony Orchestra and BBC-TV took advantage of the opportunity to remember one of the greatest of violinists and the most successful, if hardly the most accurate, of musical forgers. Well, they weren't exactly forgers. Hoaxes would be more like it. Kreisler called them arrangements. The most famous was the "Praeludium and Allegro" by Gaetano Pugnani. There were others by such names as Couperin, Corelli, Francaux, Tartini, Marini, and so on. It was not until 1935, when Olin Downes, music critic of The New York Times, preparing a lecture-recital, pressed Kreisler for information about the original materials that Kreisler decided to make a clean breast of it. There were no original materials he told Downes. It was all Fritz Kreisler.

With the LSO at the Royal Festival Hall, Kyung Wha Chung played something billed as a concerto by Kreisler. It had appeared originally as "Concerto in C major for violin, string orchestra and organ" by Antonio Vivaldi, edited and arranged from the



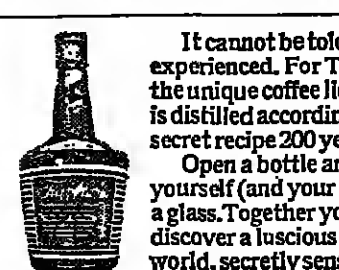
Fritz Kreisler
...hoaxer.

manuscript by Fritz Kreisler. And inside the score was this cagey pronouncement:

"This concerto is freely treated from old manuscripts and constitutes an original work. Any rearrangement of this edition will therefore constitute an infringement of copyright. When played in public, Kreisler's name must be mentioned in the program." Kreisler could not have got

dark and mysterious. You may never find out why—only wow!

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BALLET

London's Big Welcome to Dutch Choreographer

By Oleg Kerensky

LONDON, Feb. 3 (UPI)—The first thing to say about Hans Van Manen's "Four Schumann Pieces" is that it is the most unequivocally successful and enthusiastically received new work staged by the Royal Ballet at Covent Garden since Robbins' "Dances at a Gathering" in 1970. It is not as original or immediately memorable as the Robbins work, but it has some of the same lyrical flow, including a few very similar steps, the same musicality and hints of emotional content.

Van Manen has already staged four of his Dutch creations for the touring section of the Royal Ballet but Friday's premiere at Covent Garden marked the first time he had worked with the main company and the first time he had invented something new for British dancers.

In a program note, Van Manen says, "I have always wished to create a ballet for Anthony Dowell, and now this wish is fulfilled." The ballet indeed centers around Dowell, exploiting both his exceptional technical virtuosity and his curiously withdrawn personality but also using some of the finest other young talents in the company.

The music is Schumann's Quartet No. 3 in A major, admirably played in the orchestra pit by the Alberici String Quartet. The choreographer indicates by his title that he does not intend there to be any continuous plot, but those who wish to find one may fairly easily do so.

First Movement

In the first movement, Dowell is standing alone on stage, with various couples passing across behind him in a dream-like, freeze. For most of the second, he squats or lies on the ground,

in attitudes reminiscent of his "Shadowplay." Only in the third movement does he really come into contact with other people. He dances in turn with Jennifer Penney, Lesley Collier and Wayne Eagling, finding an increasing amount of emotional contact with each new partner but ending each pas de deux with resigned acceptance that the relationship will not or must not work.

The most inventive of these three pas de deux is the one for the two men, in which Dowell and Eagling start by dancing side by side with parallel movements and end with Dowell adopting what might be called the ballerina role, being supported in high lifts and concluding with an elegant fall to the ground from an exciting spin in the air. He and Eagling seem reluctant to part but in the fast and exhilarating final movement Eagling is reunited with Penney, Julian Hosking partners Collier, and Dowell dances remarkably rapidly and seemingly effortlessly alone.

Ideal Case

It will be interesting to see if any other dancer can rival Dowell's virtuosity in this part. I-gling might, but then who would take his role? Certainly

the present cast is ideal, with Lesley Collier's strong technique and attractive personality contributing a highly individual impact. Of course, the dancing is largely dictated by the music. One can easily take "Four Schumann Pieces" as a purely abstract work. It is as a ballet about a young man who is eventually fully reconciled to his fate as a loner. The steps always fit the music, physically and emotionally, and there are some distinctive Van Manen touches, such as the loping strides with arms raised at an angle of 45 degrees, like wings stretching out to heaven.

Jean-Paul Vroom has mercifully eschewed the gimmicky underwear-like costumes he has contributed to so many earlier Van Manen ballets, providing romantic, simple and elegant frocks for the girls and tight-fitting shirts with flowing puffy sleeves for the boys. His best drop of grayish horizontal stripes is also apt and effective.

Nureyev's Return

The audience reaction on Friday was prolonged and ecstatic. It was for Rudolf Nureyev's return from New York in "Baysaders." Actually this particular performance was the corps de ballet's evening, with the presentation on stage of the Evening Standard award of the year and with a gratified speech from Dame Ninette de Valois, the company's founding genius. The corps, now one of the best in the world and regarded by many critics as unrivaled, was showered with accolades.

Nureyev, who might well be exhausted after his arduous New York season, appeared in both "Baysaders" and "Agon" on Friday and Saturday evenings, sandwiching in "The Sleeping Beauty" at the Saturday matinee. I am not sure if it is wise for even

so strong and versatile an artist to push himself quite so hard, but at the matinee he seemed determined to prove that he thrives on overwork, dancing a dazzling solo which rightly brought the house down. Miss Park, who has been dancing with him in New York, was also in fine form and fully shared the welcome-home ovation. It is good to see a return to the real enthusiasm which has been a bit lacking at Covent Garden recently. May it continue.

"Sleeping Beauty" Ends Run in Paris

PARIS, Feb. 3 (UPI)—The current run of the new production of "The Sleeping Beauty" at the Paris Opera has come to an end with a series of performances radiantly adorned by the Amica of Noelle Pontols, strongly supported by the Prince of Cyrt Anassort.

The role seems almost predestined for this most French of ballerinas. Her tender charm and dramatic sensitivity are given full rein, and her rock-solid technique enables her to confront the role's daunting problems with almost flamboyant assurance, crowning what is in all other respects a sumptuous and dramatically cogent production (UPI, Jan. 3). In addition, this series of performances has found the Opera's orchestra in splendid form, and the applause that has been lavished on Ashley Lawrence (Covent Garden's chief ballet conductor) is as richly deserved as it is rare from a ballet audience.

Although the ballet is now off the boards at the Opera, it will be given two performances Feb. 6 and 7, with Pontols and Anassort, at the Maison de la Culture in suburban Creteil.

—DAVID STEVENS



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ASSETS	December 31, 1974
Cash and Due from Banks.....	\$ 602,594,027
Time Deposits in Other Banks.....	146,052,792
Federal Funds Sold and Securities Purchased under Agreement to Resell.....	378,197,500
Investment Securities:	
U.S. Treasury Securities.....	247,433,082
State and Municipal Securities.....	293,645,678
Other Securities.....	5,566,834
Trading Account Securities.....	164,257,406
Loans.....	1,975,224,410
Direct Lease Financing.....	54,745,115
Customers Acceptance Liability.....	41,616,688
Bank Premises and Equipment.....	82,636,987
Other Assets.....	68,393,252
Total Assets.....	\$4,060,363,771
LIABILITIES	
Demand Deposits.....	\$1,163,299,886
Savings Deposits and Certificates.....	574,562,579
Other Time Deposits.....	988,867,583
Deposits in Foreign Offices.....	453,662,068
Total Deposits.....	\$3,180,392,116
Federal Funds Purchased and	
Other Short Term Borrowings.....	459,167,381
Acceptances Outstanding.....	42,196,586
Accrued Interest, Taxes and Other Expenses.....	58,621,106
Mortgage Payable.....	4,193,504
Other Liabilities.....	38,640,821
Total Liabilities.....	\$3,783,211,514
RESERVE FOR POSSIBLE LOAN LOSSES.....	\$ 37,056,634
CAPITAL	
Capital Stock (\$16 Par Value).....	\$ 50,205,040
Surplus.....	83,809,180
Surplus Arising from Assumption of Convertible Capital Notes by Parent Company.....	24,170,700
Undivided Profits.....	81,910,723
Equity Capital.....	\$ 240,096,623
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BUSINESS

FINANCIAL NEWS AND NOTES

Citroën to Post Large Loss

Automobiles Citroën, the car-making unit of Citroën S.A., is expected to post a loss of 800 million to 900 million French francs (about \$200 million) for 1974, and will again have "considerable" losses in 1975. Additionally, it will be "several years" before the parent company will be in a position to pay dividends. This is the gist of a report to shareholders by Ets. Michelin, which controls Citroën, and which is merging it with Peugeot. In 1973 Citroën S.A., the holding company, earned 644 million francs. Automobiles Citroën earned 231.9 million francs that year. The Michelin report says Citroën sales declined 20 per cent last year. The change to small from larger models, high expenditures and exceptional charges have resulted in negative operating results. "By taking into account the reimbursement of loans and needed working capital, Automobiles Citroën will require more than 2 billion francs in 1975," the report says. Michelin will bring to its subsidiary some 300 million francs in "various forms" and will consolidate a loan granted to Citroën in June 1974. Following the decision to merge Citroën with Peugeot, the French government granted a loan of 1 billion francs. Public shareholders of Citroën are being offered one Michelin convertible debenture of 480 francs nominal value with a coupon of 5.5 per cent and two Peugeot convertible debentures of 375 francs nominal with a coupon of 6 per cent, for each 30 Citroën shares.

Tenneco Drops Westinghouse Project

Tenneco is withdrawing from a joint venture with Westinghouse Electric Corp. to build nuclear power plants. The company says it will continue work on the project. The two firms had formed Offshore Power Systems (OPS) in 1973 to work on the floating plants. The company had received orders to build four floating nuclear plants for Public Service Electric & Gas Co. of New Jersey. But late last year, the utility requested a five to seven-year extension on delivery of the plants, citing financial reasons. OPS then said it was reducing employment from 700 to 250 and postponing construction of prototype facilities in Florida. Tenneco chairman N.W. Freeman says the delays made the joint venture "increasingly less attractive" to his firm.

Shell Restudies Nuclear Venture

The Royal Dutch/Shell group is reappraising its nuclear power joint venture with Gulf Oil Corp. The venture involves two companies equally owned by Shell and Gulf. They are General Atomic Co. and General Atomic International Co., which are engaged mainly in the development, manufacture and marketing of the high temperature gas-cooled reactor and auxiliary equipment, nuclear fuel and fuel services and products and services in the field of environmental control. Late last month, General Atomic disclosed that eight of 10 nuclear power plant projects had either been delayed or cancelled during the past six months. The company also disclosed it was reducing its workforce 9 per cent. A Shell spokesman denied a rumor that it was attempting to sell its stake in General Atomic to Arab interests. The spokesman declined to speculate on the possible outcome of the reappraisal. In Pittsburgh, a Gulf Oil spokesman said Gulf has been assured that Shell has an intention of severing its partnership arrangement in General Atomic.

Mercedes Production Steady

Production of the Mercedes luxury cars in 1975 will probably be unchanged from 1974 and full production is expected at least until the end of April, Daimler Benz reports. It says worldwide sales rose 9 per cent last year to 15.9 million deutsche marks. Production of passenger cars gained 2.5 per cent to 340,000 units while commercial-vehicle output declined 4.9 per cent to 205,344 units. The company, omitting specific earnings figures, says that the long-term trend toward lower profit-to-sales ratios continued last year.

Fourcade Comment Causes Confusion

French Deny Any Drastic Policy Change

PARIS, Feb. 3 (AP-DJ).—The French government does not plan any spectacular move to revive the economy, but will continue to rely mainly on selective support measures with the anti-inflationary policy still a top priority, officials said today. They were commenting on a remark made during the week-end by Finance Minister Jean-Pierre Fourcade that the time had come for the cooling-off period to give way to a policy of supporting economic activity.

"This remark seems to have been interpreted as implying that the government was decided on all-out measures to revive the economy. It isn't so. The anti-inflationary fight remains on top of priorities," one official said. What the government has in mind, he said, is to continue its step-by-step policy of coming to the aid of specific industrial sectors and small business which have been the most seriously affected since the anti-inflationary measures were introduced last June.

The government has already taken measures to help the housing construction and public works sectors, and has increased the amount of loans to be granted by state lending institutions to small and medium-sized firms. It has also partially relaxed the tight credit curbs. According to preliminary figures published today, industrial production, seasonally adjusted and excluding the building industry, declined 3.5 per cent in November from 119 from 123 in October and 123 in November 1973. The index is based on 1970 equalling 100. Officials concede that the government is concerned at the growing rate of unemployment, which had reached the post-war record of 723,400 at the end of last year.

Textile Firms In Japan Set Big Layoffs

TOKYO, Feb. 3 (AP-DJ).—Seven Japanese textile producers said today that they plan to lay off some of their staff for varying periods to help overcome a recession in the industry. The companies said that in so doing they will take advantage of a law passed in December under which the government's unemployment insurance system will cover half of the employees' normal compensation. The companies will cover most of the rest, bringing total compensation to 90 to 95 per cent of normal pay levels. Kanebo said it plans to lay off 600 maintenance workers until March 31; Kurabo Industries said it will lay off 2,700 workers for several days during February, and Daiwa Spinning said it plans to lay off about 5,000 workers for five-day periods this month.

The layoffs come at a time when Japan's economic climate, and especially its labor market, appears to be steadily worsening. Sumitomo Bank, which is engaged in an attempt to save Toyo Kogyo, a financially troubled automaker, released a report that said the country's employment situation is more serious than is generally believed. The bank noted that while unemployment is listed as only 1.8 per cent of the workforce, the statistic is misleading because people out of work for more than a week are subtracted from the work force rather than being listed as jobless. One area where the unfavorable labor situation is hitting especially hard is in new employment. Over the weekend, Asahi Glass, the nation's largest glass producer, joined a growing list of corporations that have announced plans not to hire any new workers this spring. Canon, a camera and office-equipment maker, took the same step and both firms announced pay cuts for executives.

The IMF is seeking to borrow \$1 billion—mostly from OPEC—(help finance the large balance-of-payments deficits created by high oil prices. The IMF estimated yesterday that the poorer nations of the world, which had current-account deficits running to \$20 billion last year, will be in the red by \$30 billion this year. The IMF also reported that the great economic slowdown is beginning to affect world trade. A inflated dollar prices, world goods—excluding the Soviet oil and China—rose only 43 per cent over the similar quarter of '73, against increases of 45 to 50 per cent in the first half of '74. In terms of real volume of trade, the IMF said there had been only a negligible gain from a third quarter of 1973 to the third quarter of 1974.

Saudi Financier Seeking 40% Of Detroit Bank

DETROIT, Feb. 3 (AP).—A Saudi Arabian financier has reached agreement with the Bank of the Commonwealth, Michigan's fifth largest bank, to buy 40 per cent of its stock. The agreement must be endorsed by the Federal Deposit Insurance Corp., which holds a \$35 million note on the bank. Ghafar Pharoan said he agreed to purchase most of the Commonwealth stock now held by the James Barnes family, which owns 3 per cent of the bank's preferred stock and 39 per cent of the common stock. Under the agreement, Mr. Pharoan would purchase 80 per cent of the Barnes interest. James Barnes Sr. said he would remain chairman of the bank board. Arab sources said Mr. Pharoan, 44, has close ties to the Saudi Arabian ruling family. He attended the Harvard Business School and is a director of the Jeddah Bank of Jeddah. In December he was identified by Armand Hammer, chairman of Occidental Petroleum Co., as the purchaser of about one million shares of Occidental stock, selling now at about \$14 per share. Robert Francis, the Michigan banking commissioner, said he welcomes Mr. Pharoan's purchase. "Capital knows no nationality," he said. The FDIC believed the bank in 1974, lending it \$50 million and obtaining veto power over the board of directors and top officers.

ARMSTRONG CORP. 1973 1974
Revenue (millions)... 888.8 795.1
Profits (millions)... 37.7 55.7
Per Share... 1.45 2.15
American Motors
Fourth Quarter 1974 1975
Revenue (millions)... 452.0 479.0
Profits (millions)... -5.6 8.7
Per Share... 0.32 0.33
CIT Financial
Fourth Quarter 1974 1975
Revenue (millions)... 25.0 26.8
Profits (millions)... 1.20 1.28
Per Share... 0.17 0.134
Year
Revenue (millions)... 85.2 89.1
Profits (millions)... 5.12 4.28
Per Share... 0.42 0.415
Clark Equipment
Fourth Quarter 1974 1975
Revenue (millions)... 388.5 391.2
Profits (millions)... 10.8 15.2
Per Share... 0.79 1.12
Year
Revenue (millions)... 1,370.8 1,127.8
Profits (millions)... 50.1 55.1
Per Share... 3.68 4.06
Continental Airlines
Year 1974 1975
Revenue (millions)... 457.3 493.9
Profits (millions)... 8.1 5.3
Per Share... 0.52 0.01
Year
Revenue (millions)... 1,602.8 1,604.1
Profits (millions)... 5.02 5.02
Per Share... 0.41 0.41

GULF OIL 1974 1975
Revenue (millions)... 4,500.0 3,015.0
Profits (millions)... 185.0 390.0
Per Share... 0.94 1.18
Year
Revenue (millions)... 18,200 10,007
Profits (millions)... 1,065.0 800.0
Per Share... 5.47 4.08
International Nickel
Fourth Quarter 1974 1975
Revenue (millions)... 492.0 363.0
Profits (millions)... 74.3 75.7
Per Share... 1.00 1.01
Year
Revenue (millions)... 1,680.0 1,170.0
Profits (millions)... 306.0 238.9
Per Share... 4.11 3.04
McDonnell Douglas
Fourth Quarter 1974 1975
Revenue (millions)... 721.5 655.5
Profits (millions)... 21.4 31.2
Per Share... 0.57 0.79
Year
Revenue (millions)... 3,075.0 3,003.5
Profits (millions)... 106.7 133.2
Per Share... 2.77 3.36
PPG Industries
Fourth Quarter 1974 1975
Revenue (millions)... 441.8 386.4
Profits (millions)... 18.5 33.8
Per Share... 0.90 1.14
Year
Revenue (millions)... 1,700.0 1,500.0
Profits (millions)... 83.7 83.1
Per Share... 4.51 4.48

Stocks Rally As Key Rates Fall Further U.S. Budget Deficit Fails to Deter Buyers

NEW YORK, Feb. 3 (AP).—Prices on the New York Stock Exchange, powered by lower prime interest rates and by an improving investor psychology, moved ahead on a broad front today, extending the sharp gains of last week. The market showed no reaction to the record federal budget submitted by President Ford.

The Dow Jones Industrial average, up 6.89 at 3 p.m., finished with a gain of 7.75 at 111.44. Volume totaled 25.4 million shares, up from 24.64 million shares traded on Friday.

Analysis said profit-taking on the huge gains of January was encouraged by the continuing recession and layoffs in the auto industry. But they added that the flight into stocks from short-term debt instruments was still encouraged by falling interest rates.

Heavily traded Pan Am rose 1/2 to 4 1/4. Pan Am confirmed Friday it has been holding discussions with Iran on a possible financing arrangement.

Upjohn, another volume leader, moved up 3 1/4 to 33 7/8. United Brands fell 3/4 to 3 7/8. Eli Lilly, head of the company, fell or jumped to his desk from his office at the Pan Am building, a company spokesman said.

Steels added fractions, and motors were narrowly mixed. McDonnell Douglas lost 3/4 to 9 1/2 after reporting lower earnings for the fourth quarter and year.

Duke Power surrendered a point to 13 3/8. The firm said it learned the North Carolina utilities commission may issue an order which would reduce 1974 earnings by three cents per share.

Duke said the order would allow it to collect only 75 per cent of the cost of fuel permitted to be billed under its fuel adjustment clause for North Carolina retail customers.

Exxon added 1 1/8 to 74 1/4 in the oil. Prices advanced in moderate trading on the American Stock Exchange. The Amex index rose 0.30 to 74.50.

Westra Industries spurted 7 1/8 to 32 5/8 after Aquitaine of Canada made a tender offer for Westra shares at \$35 each.

Aquitaine did not trade. It last traded at 18 1/4. Bond prices continued to advance in active trading with corporate bonds showing gains of 1/4 to 3/8 point and governments 1/4 to 1/2 point higher.

Farm Futures Gain In Chicago, a late rally accompanied by short covering produced a gain of six cents a bushel in wheat futures, but other farm commodities were mostly lower.

Soybean oil closed 100 points, or one cent a pound lower. Soybeans, which had been in the limit of 20 cents a bushel, closed with a loss of 13 cents.

Soybean meal declined \$2 a ton. Corn and oats prices were irregular after trading through most of the session on the under-side.

The demand for wheat futures came in the last few minutes, largely as purchases by commercial interests. As prices rose, many shorts decided to liquidate their positions but found it more difficult to do so.

The buying was said to have been set off by a couple of export houses, hedging against cash sales.

As wheat improved, soybean futures came off the bottom and the early decline was nearly cut in half. Short covering also was a factor in the gain.

Dollar Climbs After Fed Intervenes

PARIS, Feb. 3 (AP).—A surprise announcement by the Federal Reserve in Washington that it is intervening in the foreign exchange market to support the dollar sent the U.S. currency sharply higher today.

The announcement was made as most European markets were about to close. However, the dollar's value was marked up after having been below Friday's levels most of the day. The rally continued in New York.

Fed chairman Arthur Burns, confirming the official intervention, said that "in my judgment the dollar is basically a very strong currency."

He added that the Fed "together with other central banks is intervening and will intervene as needed to maintain orderly foreign exchange markets."

Weekend Agreement In Zurich, the Swiss National Bank said the agreement was concluded over the weekend in a meeting between Mr. Burns, Bundesbank president Karl Klagen and Swiss National Bank governor Fritz Leutwiler.

Leading U.S. economic officials met secretly during the weekend with British officials. The U.S. delegation was headed by Treasury Secretary William Simon and included undersecretary Jack Bennett, Mr. Burns and several members of Congress.

Chancellor of the Exchequer Denis Healey headed the British side that included senior treasury officials, Bank of England gov-

Action Follows Secret Parley

error Gordon Richardson and other economists. The talks began Friday afternoon in complete secrecy at Ditchley Park College, a govern-

Kuwait Seeking Dollar Parley

KUWAIT, Feb. 3 (Reuters).—Finance and Oil Minister Abdel-Rahman al-Ahqi said yesterday that Kuwait wants oil-producing nations to discuss their prices in light of what he said was a recent 6-per-cent decline in the purchasing power of the dollar.

Speaking to reporters at the airport here after a two-hour meeting with the United Arab Emirates Oil Minister Mansur al-Otaiba, Mr. Ahqi said the discussions should take the form of a special meeting of the Organization of Petroleum Exporting Countries (OPEC).

When asked how this could be worked in with the three OPEC meetings already scheduled in Algeria this month, he said that "it might be discussed at any of the meetings."

Dealers in New York said Mr. Burns' remarks provided the strongest indication yet that Washington believes the recent decline in the dollar has been overdue.

"Burns is in essence saying the dollar should be higher, and the Fed will act to accomplish this," said one dealer in a dispatch carried by Reuters.

Bundesbank a Buyer Before news of the concerted action reached the market, the Bundesbank had bought \$23 million at the morning fixing in Frankfurt. This was a rather large sum by recent standards. "It bought every dollar in sight," one dealer remarked, "the first time in months that they've done more than just mopping up operations."

After dropping to 2.3215 deutsche marks, the dollar rose to 2.3315 from 2.341 Friday.

In Zurich, the dollar was as low as 2.4810 Swiss francs. But modest buying by the national bank and news of the concerted action drove the dollar up to 2.515 from 2.5015 Friday.

In Paris, the turnaround lifted the dollar from 4.295 francs to 4.3325, up from 4.3225 last week.

An AP-Dow Jones report from Brussels indicated that KEC central banks together acquired about \$130 million in support operations today.

While the amount of the Fed's intervention was not made public, dealers in New York reported that it was "substantial."

Dealers attributed this morning's weakness to indications that U.S. interest rates are declining further and faster than rates in Europe, making it less attractive for investors to maintain dollar positions.

Sharp Cut in Interest Rates Seen in N.Y. Money Market

By Vartan G. Vartan

NEW YORK, Feb. 3 (NYT).—Interest rates are expected to keep falling as a direct result of the faltering economy. The prime rate has been cut to 9 per cent by a number of banks and other major banks are certain to reduce their lowest rate on corporate loans in short order.

It is likely that the dominant rate—now 9 1/4 per cent for the banking industry—will drop to 8 1/2 per cent by the end of February. Certain banks are likely to be a notch below that level by the end of the month.

Meanwhile, the Federal Reserve apparently is in the process of lowering its target range on federal funds, and overnight reserves that banks lend each other, by another credit-easing notch. Such a move creates further downward pressure on all short-term rates, including the prime, since federal funds are the cutting edge of movements for money-market instruments.

In fact, the tremendous rally in last week's stock market had its genesis in the declining rate of federal funds that began, without fanfare, last August.

On Friday, the Fed injected temporary reserves into the banking system when federal funds were trading at 6 3/4 per cent. This suggests that 6 3/4 per cent is the new intervention level for the nation's money market.

The trading range for federal funds now seems to be 6 1/4 to 6 3/4 per cent. Until last week, it was 6 1/2 to 7 per cent, or possibly a touch higher. At this level, the Fed kept the rate steady during the Treasury's enormously successful refunding operation.

By lowering the federal funds rate far enough the Fed, in effect, encourages normal sellers of these funds—namely banks and thrift institutions—to invest in more permanent and higher-yielding securities such as Treasury coupon issues.

With the Treasury raising \$25 billion of new cash in the 1975 first half, such help from the banking community is regarded as virtually indispensable. It is true, alone, the Treasury raising \$700 million in new money.

One big question is how low federal funds will go before they flatten out. A target level of 4 1/2 or 5 per cent by this summer, assuming that the recession remains as serious as it now appears, is quite feasible.

Meanwhile, there is conjecture that the Fed might lower the discount rate late this week by perhaps half a percentage point. This rate, at which member banks borrow from the Fed, now stands at 7 1/4 per cent. Cutting the discount rate would mean an overt signal by the Fed and, as such, it likely would be accompanied or even preceded by a cut in the federal funds rate.

Outlays Fall 3% For Construction In U.S. During '74

WASHINGTON, Feb. 3 (AP-DJ).—U.S. construction spending declined during December for the second month in a row and slid 0.8 per cent for all of 1974 as well, the Commerce Department said today.

Building outlays last year totaled \$134.4 billion, down \$1.06 billion from 1973.

It was the first yearly drop since 1969, when outlays fell 1.2 per cent, and only the second decline on record.

In December, construction spending ran at a seasonally adjusted annual rate of \$129.1 billion, down 0.8 per cent, from November's \$130.1 billion, when outlays fell 2.3 per cent.

Private construction in December fell 2.3 per cent to an adjusted annual rate of \$90.1 billion, and for the year, outlays declined 5.6 per cent.

Outlays for public construction rose 2.6 per cent in the month and for the year spending was 17.5 per cent above the year earlier.

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-By Will Weng

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ALGAYRE.....	10	59	Cloudy	MADRID.....	10 58	Clear	
AUSTEREAS.....	5	41	Cloudy	RHIAN.....	8 46	Cloudy	
ANAKA.....	4	59	Cloudy	BONNEN.....	-14	21	Cloudy
ATHERS.....	17	23	Cloudy	HOSGOV.....	-14	21	Cloudy
BIRUT.....	11	52	Showers	MUNICH.....	3	37	Cloudy
BILGRADE.....	4	52	Snow	NEW YORK.....	4	30	Fair
BRLIN.....	4	49	Overcast	NORWICH.....	12	50	Sunny
KUUSSELL.....	8	46	Cloudy	OSLO.....	-1-20	50	Fog
ROAPES.....	1	59	Overcast	PARIS.....	10	59	Cloudy
CABRO.....	1	59	Unavailable	PETROZ.....	1	59	Showers
CASABLANCA.....	37	83	Cloudy	ROME.....	33	53	Cloudy
COPENHAGEN.....	18	77	Overcast	SOFIA.....	2	56	Overcast
COSTA DEL MAR.....	18	77	Clear	ST. PETERSBURG.....	1	59	Overcast
DUBLIN.....	8	46	Overcast	TERRAN.....	3	37	Cloudy
EDENBURGH.....	8	46	Overcast	TEL AVIV.....	3	37	Unavailable
GLORING.....	1	59	Overcast	VARESA.....	14	67	Cloudy
FRANKFURT.....	6	43	Cloudy	VENICE.....	10	50	Cloudy
GENEVA.....	4	43	Cloudy	VIENNA.....	3	37	Snow
HELSINKI.....	1	59	Overcast	WARSAW.....	1	59	Showers
ISTANBUL.....	6	43	Cloudy	WASHINGTON.....	5	36	Cloudy
LAS PALMAS.....	29	66	Clear	ZURICH.....	4	39	Cloudy
LISBON.....	1	59	Cloudy				
LONDON.....	8	43	Rain				
LOS ANGELES.....	8	46	Cloudy				

(Yesterday's readings: U.S., Canada at 1700 GMT; others at 1200 GMT.)

The net asset value quotations shown below are supplied by the Funds listed. The International Herald Tribune cannot accept responsibility for them. Following marginal symbols indicate frequency of quotations supplied for the IHT. (d)--daily; (w)--weekly; (c)--regularly; (i)--irregularly.

(w) Alexander Fund.....	\$3.67	(d) KCB Income Fund.....	121.40
(d) Am. Express Int'l Fd.....	\$4.38	(w) Kleinwort Bousou Int F.....	52.3
(w) Apollo (Tempos) Iss.pr.....	\$P62.44	(w) Kleinwort Bens. Jap. F.....	\$14.0
(l) Apollo Fund S.A.....	\$61.72	(w) Leverage Cap. Hold.....	\$23.6
(w) Austral Trust S.A.....	\$3.56		

(d) Conbar.	\$F686.00	(d) Mediplusum Bel. Fund.	\$169.00
(d) Grobar.	\$P427.00	(d) Newwirth Int'l Fund.	\$17.00
(d) Stockbar.	\$P745.00	(d) Newwirth Inv. Fund.	\$31.00
(w) Broad & Wnll Fd. Int'l.	\$29.75	(w) N.A.M.P.	\$54.30
(w) Browninvest.	\$12.13	(w) Nipcoo Fund.	\$34.10
(d) Can. Gas & Energy Fd.	\$16.47	(w) Nor. Amer. Inv. Fund.	\$6.00
(d) Can. Secur. Growth Fd.	\$4.62	(w) Nor. Amer. Bank Fd.	\$7.30
		(w) Olympia Can. Fd. Inc.	\$17.10

(d) Capital Rentinvest.....	LP911	(d) Rentinvest.....	LP18
(l) Cleveland Offshore Fd.....	\$366.95	SAFE GROUP:	
(w) Convert.Fd.Int.A Certs.....	\$7.16	— (d) Safe Food.....	\$4.56
(w) Convert.Fd.Int.B Certs.....	\$10.64	— (d) Safe Trust Fund.....	\$2.71
(d) Convert. Bond Fd. N.V.....	\$7.53	— (d) Global Fund.....	\$4.68
		(w) Samurai Portfolio.....	\$F46.95

- (d) Energievalor.....	SP76.50	SHARE GROUP:	
- (d) Usser.....	SF334.60	- (d) Share Realty.....	\$13.11
- (d) Europavor.....	SPI17.00	- (d) Share Int'l Fund.....	\$4.57
(1) Crosby Fund S.A.....	\$3.94	- (w) Shareholders Excl..	84.44
C.S. INT'L MANAGEMENT:		S.M.C. FUNDS:	
- (d) C.S. Fund.....	\$0.50	- (d) C.S. Fund.....	SF11.00

(d) Delta Multifund.....	\$7.45	SOFID GROUPE GENOVA:	
(d) Daiwa Int'l Fund.....	Yen 5.568	— (r) Parloa Sw. R. Est.....	RF1.433
(d) Dollar Fund (ex-div).....	\$1.33	— (r) Securitas.....	SP1.021
(d) Dreyfus Fund Int'l.....	\$9.43	(d) Soma Fund.....	\$137.00
(w) Or. Interest Inv. Fd.....	\$11.36	(w) Star Fund.....	\$5.6
(w) Europe Obligations.....	LP942	(r) Suez Int'l Ventures Inc.	\$5.50
(d) Executive Fd of Canada	65.54		

(w) Fidelity Int'l. Fd.....	\$17.36	(d) Swissair New Ser.....	\$F17.75
(w) Fidelity Pacific Fd.....	\$17.36	(d) Univ Bond Select.....	\$F17.25
(d) Fidelity World Fd.....	\$17.36	(d) Universal Fund.....	\$F17.75
(d) Fidelity.....	\$F17.96	(w) Talent Global Fund.....	\$5.41
(w) First Intern'l Fd.....	\$161.14	(w) Tokyo Pac. Bond (Int'l).....	\$12.85
(w) First Int'l Realty Sec.....	\$14.31	(w) Tokyo Pac. Hold. N.V.....	\$25.85
(d) First Nat'l City Fund.....	\$23.40	(w) Transpacific Fund.....	\$14.27
(d) First Security Corp Fd.....	\$28.72		

(d) Fund of Nations.....	\$5.05
(d) Fund of N.Y. (ex-div.)...	\$6.77
(d) Future Australia Fd....	Aus.67.69

G.T. (BERMUDA) LIMITED:

— (w) Berry Int'l Fund.....	\$8.92
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UNION BANK OF SWITZERLAND:	
— (d) Amca U.S. Sh.....	SP23.21
— (d) Bond Invest.	SP65.77
— (d) Convert-Invest.	SP71.50
— (d) Eurit Europe Sh.....	SP165.50
— (d) Finnsa Swiss Sh.....	SP74.00

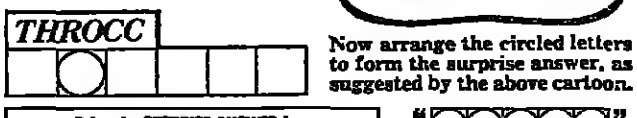
(d) Incofund	\$3.47	UNITED INVESTMENT, Frankfurt:	
(w) Inagro	\$23.00		
(d) Interfla	SP288.10	(d) Atlanticorondo	OM14.00
(d) Interfund S.A.	\$8.36	(d) Europafoods	OM29.00
(d) Interkalla	Lire 1,152	(d) Unifonds	OM17.00
(w) Intermarket Fund	\$94.23	(d) Unirecta	OM39.50
(w) Int'l Income Fund	\$72.12	(d) Unispecial I	OM47.10
(r) Int'l Invest Network	\$10.10		

(r) Japanfund Int'l Pd S A	\$5.33	(s) World Equity Grth Fd...	\$378.00
(r) Japan Growth Fund ...	\$12.29	(t) Worldwide Securities...	\$20.50
(d) Japan Selection Fund...	\$41.69	(w) Worldwide Special.....	\$2,801.47
(w) Japan Pacific Fund.....	\$11.29		

JARDINE FLEMING.

— (r) Jardine East Trust.	\$44.01		
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OM — Deutsche Mark: " — Ex-dividend; z — New: N.A. — Not available;
BP — Belgian francs; LF — Luxem-



Impact of Firms Where they Sell Goods - Best Goods

Reviewed by Christopher Lehmann-Haupt

Mr. Lehmann-Haupt is a book critic for The New York Times.

The New York Times
This list is based on reports from
more than 250 bookstores in 118
munities throughout the United States.
Weeks are not necessarily consecutive.

This week
1 Centennial, By James Miche-

6	Lady, by Thomas Tryon	7
7	Harlequin, by Morris West	5
8	Thinker, Tallor, Soldier, Spy, by John Le Carré	6
9	The Dogs of War, by Fred- erick Forsyth	8
10	Jaws, by Peter Benchley ..	—

[illegible]

—By Alan Truscott

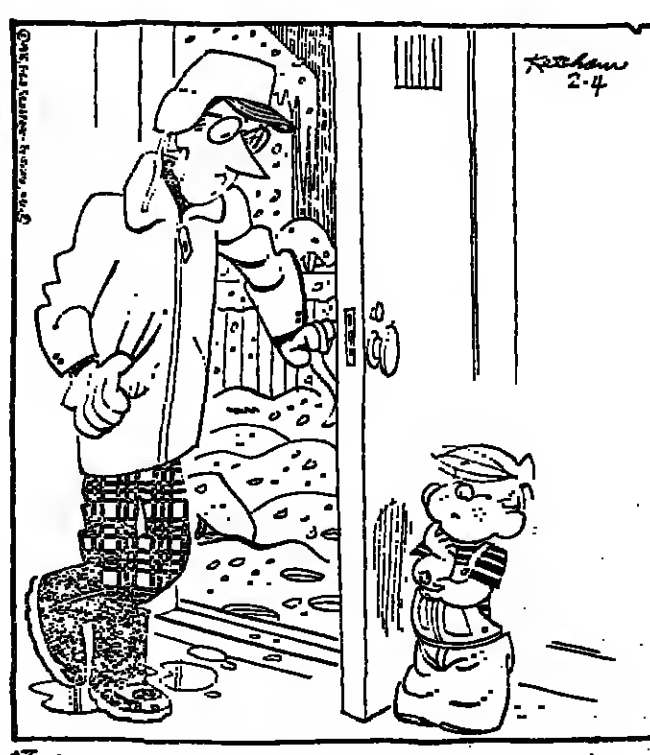
SOUTH

♠ —
♥ 10
♦ QJ5
♣ —

West. North East South
1 ♥ Dbl. 1 ♠ 2 ♣
3 ♠ Pass. Pass. 4 ♠
Pass. 4 ♦ Pass. 4 ♥
Pass. 5 ♣ Pass. Pass.
Pass.

The last heart now squeezed
West in spades and diamonds.

West led the heart ace.



"THE SNOW SHOVEL ... LESSEE ... I WAS USIN' IT
FOR SOMETHING JUS' THIS SUMMER..."

